Informing, Enrolling, and Reenrolling CalWORKs Leavers in Food Stamps and Medi-Cal

JACOB ALEX KLERMAN
AMY G. COX

WR.732
December 2009

This paper series made possible by the NIA funded RAND Center for the Study of Aging (P30AG012815) and the NICHD funded RAND Population Research Center (R24HD050906).
Informing, Enrolling, and Reenrolling CalWORKs Leavers in Food Stamps and Medi-Cal

Jacob Alex Klerman and Amy G. Cox

This research was supported by funds from the Welfare Policy Research Project (WPRP), Office of Research, University of California Office of the President, Grant Number 01-WPRP-01 “Employed Former Recipients’ Use of Income Support Programs.” The views and opinions expressed do not necessarily represent those of RAND or its sponsors including the Regents of the University of California, WPRP, its advisory board, or any State or County executive agency represented thereon.
CONTENTS

Figures............................................................................. vii
Tables........................................................................... xi
Executive Summary.......................................................... xiii
  Introduction ................................................................... xiii
  Key Findings and Implications ......................................... xiv
  Implementation Was Rushed and Disordered ..................... xiv
  The Current Programs Are Too Complicated .................... xv
  Federal Options to Increase Food Stamp Benefits and Decrease the
  Burden on Recipients.................................................... xvi
  Better Coordination Between the Food Stamp and Medi-Cal Programs .. xvii
  Tradeoffs in a Changing Policy Context ............................ xvii
Conclusions......................................................................... xviii
Acknowledgments................................................................ xxi
List of Acronyms............................................................. xxiii

1. Introduction................................................................... 1
  Background ................................................................... 1
  Objective ...................................................................... 4
  Approach ....................................................................... 4
  Limitations ..................................................................... 5
  Organization of This Document ....................................... 6

2. The Food Stamp and Medi-Cal Programs............................... 7
  The Food Stamp Program ................................................. 7
  How the Food Stamp Benefit Is Computed for CalWORKs Leavers .......... 7
  The Food Stamp Program and Its Quality Control System ................ 10
  The Medi-Cal Program .................................................... 11
  How Medi-Cal Eligibility is Determined for CalWORKs Leavers .......... 12
  Recent Changes in the Medi-Cal Program for CalWORKs Leavers .......... 15
  (1) Implementing 1931(b) ............................................... 15
  (2) Mail-In Redeterminations .......................................... 24
  (3) Ending Quarterly Status Reporting ............................... 25
  (4) Expanding Transitional Medi-Cal ................................. 26
  (5) Requiring Ex Parte Reviews ...................................... 27
  Differences between the food stamp and Medi-Cal Programs ............ 29

3. how CalWORKs Leavers Retain Food Stamps and Medi-Cal.............. 33
  Informing Recipients About Continued Food Stamps and Medi-Cal .......... 33
  How Counties Inform CalWORKs Recipients of Their Eligibility for Food
  Stamps and Medi-Cal ..................................................... 34
  Enrolling in the Food Stamp Program After Leaving Calworks ............ 43
  Initial Enrollment in Food Stamps for CalWORKs Leavers ................ 43
  Ongoing Enrollment in Food Stamps for CalWORKs Leavers ............. 46
  Enrolling in the Medi-Cal Program After Leaving calworks .............. 48
  Initial Enrollment in Medi-Cal for CalWORKs Leavers .................. 49
  Additional Issues Regarding Conversion to Non-Assistance Medi-Cal 54
  Ongoing Enrollment in Medi-Cal for CalWORKs Leavers ............... 56
Conclusions ............................................................. 58

4. current and former Recipients’ Perceptions of Food Stamps and Medi-Cal For calworks Leavers ........................................................ 61
   Caseworkers’ views ...................................................... 61
   Recipients’ views ....................................................... 63
      Respondents’ Recollections About Prospective Eligibility ............ 64
   Conclusion ................................................................ 74

5. Overarching Issues and RECOMMENDATIONS................................... 75
   Speed of Implementation ................................................. 75
   Program Complexity ...................................................... 77
   federal options to increase food stamp benefits and decrease the Burden on Recipients ..................................................... 81
      Eliminating Monthly Income Reports .................................. 82
      Eliminating In-Person Recertification ............................... 83
   Better Coordination Between THE Food Stamp and Medi-Cal PROGRAMS ........................................ 84
   Closing Thoughts ........................................................ 85

APPENDIX A. Data Sources and Methods................................................. 87
   Fieldwork ..................................................................... 87
   Quantitative Data Sources ............................................... 87
      California Health and Social Services Survey ....................... 87
      MEDS-EDD Match File ................................................. 88

APPENDIX B. Detailed Information on Counties Visited............................... 89

APPENDIX C. Procedural Issues in Leaving Cash aid................................. 93
   The Monthly Eligibility Report (CW 7) .................................. 93
   Reasons for Discontinuance ............................................... 96
   The Monthly Reporting Time Line ......................................... 97
   Notice of Action Language for Ending CalWORKs and Food Stamps .......................................................... 100
      Income Above the CalWORKs Limit .................................... 101
      No CW 7 .................................................................. 102
   Notice of Action Language for Medi-Cal .................................... 105

APPENDIX D. Describing Leavers and their Earnings .................................. 113
   Caseload, Number of Leavers, And the Exit Rate........................ 113
   Survey Data on Leavers .................................................... 114
   Administrative Data on Leavers’ Earnings ................................ 117

Bibliography ................................................................. 121
FIGURES

Figure 2.1—Medi-Cal Program Options for Adults, by Income Level
(Expressed as a Percent of the Federal Poverty Level) and Time
Since CalWORKs Exit .................................................... 13

Figure 2.2—Medi-Cal Program Options for Children, by Income Level,
(Expressed as a Percent of the Federal Poverty Level) and Time
Since CalWORKs Exit .................................................... 14

Figure 2.3—County Reports of 1931(b) Implementation ................. 21

Figure 3.1—CW 103 Transitional Medi-Cal Notice ......................... 36

Figure 3.2—ACIN I-57-00 Food Stamp Flyer ............................ 39

Figure 4.1—Recipients’ Recollections of Whether and When They
Received Information About Food Stamps ............................ 65
Figure 4.2—Recipients' Recollections of Whether and When They Received Information About Medi-Cal

Figure 4.3—Recipients' Recollections of How They Learned About Food Stamps

Figure 4.8—Other Non-CWD Sources of Medi-Cal Information

Figure 4.9—CalWORKs Leavers' Reported Need and Application for Food Stamps and Medi-Cal

Figure 4.10—CalWORKs Leavers' Reported Reasons for Not Applying for Food Stamps and Medi-Cal

Figure C.1—CW 7 (First Page)

Figure C.2—CW 7 (Second Page)
Figure D.1—Number of Persons Receiving Cash Aid, Number of Leavers, and Exit Rate (centered 12 month averages) ......................... 113

Figure D.2—Distribution of Hours of Work Among Leavers ............ 115

Figure D.3—Distribution of Average Hourly Wage Among Leavers......... 115

Figure D.4—Distribution of Monthly Earnings Among Leavers .......... 116

Figure D.5—Distribution of Job Tenure (in Quarters) Among Leavers .... 117

Figure D.6—Fraction of Adult Leavers Earning More than $100, $1,000, $2,000, and $4,000 Per Quarter (among those off of aid 1-12 quarters; centered 4 quarter averages) ................................. 118

Figure D.7—Average Earnings and Fraction of Adult Leavers Earning More than $100, $1,000, $2,000, and $4,000 Per Quarter by, Quarters Since Leaving CalWORKs, for the Cohort Leaving in 1998/Q2 ........... 120
TABLES

Table 2.1 Monthly CalWORKs Payment and Food Stamps as Earnings Increase ................................................................. 8
Table 2.2 Selected Medi-Cal Programs ................................................................. 12
Table 2.3 1931(b) Implementation Timeline ................................................. 16
Table 2.4 SB 87 Implementation Timeline ......................................................... 28
Table 3.1 Initial Medi-Cal Program Eligibility After CalWORKs, by Reason for CalWORKs Discontinuance ............................................. 51
Table B.1 County Characteristics ........................................................................ 89
Table B.2 Summary of Staffing Structures, by County ........................................ 90
Table B.3 Major Managed Care Plans, by County ............................................. 91
Table C.1 CA 253 – Reasons for Discontinuances of Cash Grant Statewide, September 2002 (Version 1) ......................................................... 96
Table C.2 CW 7 (Monthly Status Report) Timeline ............................................. 98
Table C.3 MC 355 (Request for Information) Timeline ......................................... 100
EXECUTIVE SUMMARY

INTRODUCTION

Federal and state cash assistance reforms of the mid-1990s intended to encourage recipients to work and to limit their reliance on public cash assistance. At the same time, however, these federal and state reforms permitted or encouraged recipients who exited cash aid (“leavers”) to continue participating in other public assistance programs that can help support low-wage workers and their children: Food Stamps (which provide vouchers for the purchase of food), Medi-Cal (California’s Medicaid program, which provides health insurance), and the Earned Income Tax Credit (EITC, which provides a refundable tax credit on qualified earnings).

Shortly after the federal TANF program was implemented, early evidence suggested that leavers’ participation in these programs (that is, their “take-up” rates) was low. In response, the Welfare Policy Research Project (WPRP) commissioned a study, “Employed Former Recipients’ Use of Income Support Programs,” to examine the use of Food Stamps, Medi-Cal, and the federal EITC among Californians who left CalWORKs. The study focused on recipients who left cash aid with paid employment and who remained eligible for one or more of the three programs. (The full report, Program Take Up Among CalWORKs Leavers: Medi-Cal, Food Stamps, and the Earned Income Tax Credit, and the Policy Brief can be found on WPRP’s website: www.wprp.ucop.edu.)

In this companion report, we describe and analyze the process of continuing enrollment in the Food Stamp and Medi-Cal programs after leaving cash aid. (Because the state and counties do not administer the federal EITC program, we do not include it in this report.) Specifically, we review the relevant history, statutes, and regulations of the Food Stamp and Medi-Cal programs and present the results of qualitative interviews and of some of the quantitative tabulations of survey data that relate to former recipients’ enrollment in these programs.

This detailed review of eligibility, enrollment, and re-enrollment provides background for the study’s main report. However, some additional policy recommendations emerge directly from this detailed

1 Prior to the 1996 federal overhaul, the major cash aid program for poor families with children was called Aid to Families with Dependent Children (AFDC). California’s AFDC program was called Greater Avenues for Independence (GAIN). Post 1996, the federal program was renamed Temporary Assistance for Needy Families (TANF). In 1997, California created its version of TANF, called the California Work Opportunities and Responsibility to Kids (CalWORKs) program. CalWORKs was formally implemented on January 1, 1998.
review. We note these policy recommendations throughout this report and, in the final chapter, we consider these policy recommendations together.”

KEY FINDINGS AND IMPLICATIONS

CalWORKs leavers are more or less likely to take up Food Stamps and/or Medi-Cal depending on the quality and efficiency of agency efforts to inform them about these non-time-limited benefits, and how the agencies enroll and re-enroll eligible CalWORKs leavers in the two programs. We identified four areas that should be addressed to improve program implementation and administration: (1) the speed with which program changes are implemented, (2) overly complicated program rules, (3) federal options that permit states to expand Food Stamp benefits and reduce the burden on recipients, and (4) better program integration.

Implementation Was Rushed and Disordered

Federal and state welfare reforms significantly changed the Food Stamp and Medicaid programs. Implementing these changes required four steps: (1) The state legislature had to pass new legislation. (2) The responsible state agency had to write and issue regulations. (3) County welfare agencies had to translate state regulations into operating procedures and provide training to their staff. Finally, (4) county computer systems had to be updated.

Each of these steps takes time. In setting effective dates for new program changes, legislators and state regulators should consider carefully the time required to implement each of these steps. For many of the policies we reviewed, the lags at each step were so long that effective implementation dates occurred months or years after the dates specified by law and/or regulation.

In particular, we found that updating computer systems dramatically slows the implementation process. Although computers play a central role in program administration, the time it takes to update them has been woefully and consistently underestimated. Because eligibility operations are computerized, computer systems should be updated before staff are trained for the new programs and certainly before the staff are asked to implement the new program requirements.

If computer systems are not updated first, staff are often forced to develop and put in place temporary automated – or worse, manual – “work arounds” to implement new program requirements. These ad hoc arrangements are likely to eat up valuable staff time, take longer, impose additional costs, and be more
error prone. In other words, implementing new program operations before the crucial computer systems are updated can lead to a host of inefficiencies.

Thus, in practice, significant program changes cannot be successfully implemented any faster than the time required to change the related computer systems. Legislators should bear this in mind when they specify implementation dates in statute, state officials should factor this in to their regulatory timelines, and state and county officials should work with their technical computer programmers to make the necessary changes in a timely fashion. While updating computer systems carries direct financial costs, failing to update them in a timely fashion – given the attendant inefficiencies and errors – is likely to cost even more.

**The Current Programs Are Too Complicated**

Our fieldwork suggests that the Food Stamp and Medi-Cal programs are simply too complicated. All welfare programs are complicated and detailed. However, the situation is particularly complex in California, partly because of litigation that adds new policies and partly because of the special policies (some state-only) aimed at the large number of documented and undocumented immigrants. Thus, a policy that may seem relatively straightforward to a legislator (and even to an analyst), who is removed from actual program operations, may appear as a nearly impenetrable procedural thicket to the county caseworker responsible for implementing that policy.

To address this complexity, federal and state policymakers should give more consideration to four things. First, before adopting a new policy, legislators and regulators should determine whether the proposed new policy increases the amount of information local caseworkers have to collect (to determine eligibility, for example) or whether it increases the number of computations caseworkers must make (to calculate benefits, for example). Second, when eligibility is narrowed or expanded – because of litigation or because budgets are shrinking or growing – it should be done by simplifying and coordinating rules, rather than by changing the income limits used to determine eligibility or, worse, adding a new program. Third, since most individuals are in a small number of programs, federal and state legislators should consider simplifying and coordinating eligibility rules across the key programs. Inconsistencies in the Food Stamp and Medi-Cal (and CalWORKs) rules should be reviewed for possible elimination by the state or, where necessary, by federal authorities. Finally, fourth, policy changes that arise out of litigation should be reviewed for incorporation into existing program rules wherever possible, not layered on as new programs.
Federal Options to Increase Food Stamp Benefits and Decrease the Burden on Recipients

Under current federal law, if a state is willing to bear modest additional administrative costs, the federal government is willing to pay considerably more to the state’s poor in the form of Food Stamps. States that take advantage of this federal offer can reduce the administrative burden on recipients and are also likely to experience lower Food Stamp error rates (which have been unusually high in California since welfare reform).

Because the federal government pays 100 percent of the cost of Food Stamp benefits, and 50 percent of program administration, California would incur relatively minor costs if it were to adopt the several administrative changes permitted by the federal government.

First, although federal Food Stamp regulations allow quarterly or even semi-annual reporting, California still requires recipients to report monthly about their income and other eligibility criteria. Deliberations about the frequency of recipient reporting typically focus on lowering benefit expenditures and error rates, but permitting less frequent reporting would also reduce administrative demands on recipients and might, therefore, raise Food Stamp take-up rates.

At this writing, a new proposal for statewide quarterly reporting is under discussion, with implementation projected for early 2004. Moving beyond quarterly to semiannual reporting also seems worthy of serious consideration.

Second, California requires a Food Stamp recipient to have an annual in-person meeting with his or her county caseworker in order to recertify Food Stamp eligibility. However, federal regulations permit states to waive this requirement for employed recipients by deeming it to be a hardship. Allowing Food Stamp recipients to handle their annual recertifications by mail (as Medi-Cal recipients are permitted to do) would clearly reduce the burden on recipients and lower administrative costs. However, it might also raise the Food Stamp error rate, since in-person interviews are reported to be more thorough.

Third, at this writing, California does not yet have a Transitional Food Stamp Benefit, although Section 4115 of the 2002 federal Farm Bill reauthorizes the program. Under current federal law and regulations, the Transitional Food Stamp benefit can be paid to recipients for up to five months after they leave cash aid. Because this provision allows the state to determine the Transitional Food Stamp benefit based only on a recipient’s income in the last month he or she received cash aid (rather than assessing income on a monthly basis), California would likely see a decline in both its administrative costs and error rates.
**Better Coordination Between the Food Stamp and Medi-Cal Programs**

Our analyses have considered the Food Stamp and Medi-Cal programs together. At the office level, both programs are run by county welfare departments. However, at the state level, the two programs are run by two different departments, and county staff report that the two programs have very different rules and procedures. As a consequence of the rule differences, the two programs are often run by separate caseworkers—even for the same recipient. Moreover, the limited coordination that has developed between them primarily benefits Medi-Cal. Among the possible areas for improved coordination are various program rules and definitions, and how recipients are informed about annual recertification periods, transitional Medi-Cal and Food Stamp benefits, and the termination of cash aid and the possible continuation of Medi-Cal and Food Stamps. Such coordination between Food Stamps and Medi-Cal would reduce both program complexity and the burden on recipients. At the same time, such coordination emphasizes the need for more compatible and flexible computer systems.

**Tradeoffs in a Changing Policy Context**

WPRP’s take-up rates study was conceived in a period of relatively generous funding, when it was possible to consider expanding benefits. At this writing, we are in a period of tight budgets and shrinking funding. Rather than expanding benefits, California officials are focused on minimizing state costs. As state officials review Food Stamp and Medi-Cal policies with an eye toward economizing, they should bear in mind three things.

First, when they change program operations, it is important that policymakers take into account all of the steps necessary for implementing those changes, particularly the time necessary to update relevant computer systems. Re-programming costs money, but trying to implement new program requirements before computer systems have been successfully re-programmed results in inefficiencies and errors that prove even more costly over time.

Second, in the Food Stamp program, state costs are only a fraction of total program expenditures. The state pays only 50 percent of the administrative costs, while the federal government pays the other half of administrative costs and 100 percent of all benefits. In the Medi-Cal program, the federal government matches California’s expenditures at the rate of 50 percent. As a consequence, there is a multiplier effect, such that additional state expenditures bring more federal dollars to the state. Thus, relatively modest state expenditures can yield far greater total benefits for the poor. Any state policies that leverage additional federal subsidies are worthy of serious consideration.
Third, many of the recent welfare reforms intended to remove barriers to eligible recipients’ enrollment and re-enrollment in Medi-Cal and Food Stamps. The objective is to ensure that needy households – especially those who have left CalWORKs for low-wage jobs – receive the assistance for which they are eligible. Given this goal, California policymakers should consider whether new administrative requirements help identify those in need or whether they might deter the neediest from seeking benefits for which they are eligible. While it is true that enrolling more eligible recipients in benefit programs costs money, it is also true that failing to provide nutritional and medical assistance carries costs, although these costs are far harder to quantify.

CONCLUSIONS

In our review of the administrative procedures for informing, enrolling, and re-enrolling CalWORKs leavers in California’s Food Stamp and Medi-Cal programs, we identified four areas that policymakers should review for their potential to improve program implementation and administration: (1) the speed with which program changes are implemented, (2) overly complicated program rules, (3) federal options that permit states to expand Food Stamp benefits and reduce the administrative burden on recipients, and (4) better program integration.

Implementing some of the recommendations we make involve cost trade-offs. However, three common sense proposals deserve serious consideration: First, policymakers should strive to implement new program requirements after relevant computer systems have been properly updated. Second, state policymakers should consider investing additional state dollars that can leverage significant additional federal spending for California’s poor. Finally, before they impose new administrative requirements, policymakers should carefully assess whether they are imposing undue burdens on the very households they are intending to assist.
ACKNOWLEDGMENTS

Funding for these analyses was provided by the Welfare Policy Research Project (WPRP). Its staff, in particular Drs. Rikki Baum and Caroline Danielson, have been consistently helpful and encouraging throughout this effort.

The analyses reported here are partially based on site visits to several of California’s counties. Help from county staff in setting up the visits and interpreting the results has been invaluable. Those county staff include Denice Dotson, Butte County; Judy Pisel, Sacramento County; Jolie Ramage, San Diego County; Althea Shirley and Dr. Henry Felder, Los Angeles County; Ben Blank and Betty Arne, Orange County. At the state level, we have benefited from the assistance of Richard Brontingham, Beth Fife, and Bill Walsh at the California Department of Health Services (CDHS) and Richton Yee and Pat Sutherland at the California Department of Social Services (CDSS).

In addition, we have had the pleasure of interviewing a large number of county and state employees at various levels. To us, they were almost uniformly helpful, cheerful, and frank; to their clients, they are clearly caring and hard working in the face of often very high caseloads, a very difficult program, and little support. The confidentiality of human subjects prevents us from naming them, but we appreciate their contributions.

The research for this effort is an extension of work begun under the RAND Statewide CalWORKs Evaluation. The constructive comments and guidance provided by CDSS employees during that effort have benefited this effort greatly (although those employees have not always agreed with our findings). They include Werner Schink, Lois van Beers, Nikki Baumrind, Wilistine Sayas, Aris St. James, and Paul Smilanick.

Finally, at RAND this work proceeded within the Labor and Population (L&P) Program’s Center for the Study of Social Welfare Policy. More information about these organizations can be found at /www.rand.org, /www.rand.org/labor, and /www.rand.org/labor/socialwelfare. The strong support of RAND, the Labor and Population Program and its Directors, Lynn Karoly and Arie Kapteyn, and Assistant Directors, Rebecca Kilburn and David Loughran, for this effort is gratefully acknowledged.

Within RAND, this report draws on the efforts of a team of computer programmers led by Jan Hanley. They include Christine DeMartini, Rodger Madison, Laurie MacDonald, Beth Roth, and Debbie Wesley. Florencia Jaureguiuberry served as a research assistant. This report has also benefited from the secretarial
support of Christopher Dirks and Natasha Kostan. Finally, two anonymous reviewers provided technical review that has improved the final product.
## LIST OF ACRONYMS

<table>
<thead>
<tr>
<th>Acronym</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td>AB</td>
<td>(California) Assembly Bill</td>
</tr>
<tr>
<td>ACIN</td>
<td>All County Information Notice (CDSS)</td>
</tr>
<tr>
<td>ACL</td>
<td>All County Letter (CDSS)</td>
</tr>
<tr>
<td>ACWDL</td>
<td>All County Welfare Directors Letter (CDHS)</td>
</tr>
<tr>
<td>AFDC</td>
<td>Aid to Families with Dependent Children</td>
</tr>
<tr>
<td>AO</td>
<td>Adults Only</td>
</tr>
<tr>
<td>BIC</td>
<td>Benefits Identification Card</td>
</tr>
<tr>
<td>CalWORKs</td>
<td>California Work Opportunities and Responsibility to Kids Act of 1997</td>
</tr>
<tr>
<td>CBO</td>
<td>Community-Based Organization</td>
</tr>
<tr>
<td>CDHS</td>
<td>California Department of Health Services</td>
</tr>
<tr>
<td>CDSS</td>
<td>California Department of Social Services</td>
</tr>
<tr>
<td>CEC</td>
<td>Continuing Eligibility for Children (Medi-Cal subprogram)</td>
</tr>
<tr>
<td>CHIP</td>
<td>California Children’s Health Insurance Program</td>
</tr>
<tr>
<td>CHSSS</td>
<td>California Health and Social Services Survey</td>
</tr>
<tr>
<td>CMS</td>
<td>Centers for Medicare and Medicaid Services</td>
</tr>
<tr>
<td>CO</td>
<td>Children Only</td>
</tr>
<tr>
<td>CWD</td>
<td>County Welfare Department</td>
</tr>
<tr>
<td>DHHS</td>
<td>U.S. Department of Health and Human Services</td>
</tr>
<tr>
<td>DPSS</td>
<td>(Los Angeles County) Department of Public and Social Services (welfare agency)</td>
</tr>
<tr>
<td>EBT</td>
<td>Electronic Benefits Transfer (Food Stamp)</td>
</tr>
<tr>
<td>EDD</td>
<td>(California) Employment Development Department</td>
</tr>
<tr>
<td>EIC</td>
<td>Earned Income Credit (same as Earned Income Tax Credit)</td>
</tr>
<tr>
<td>EITC</td>
<td>Earned Income Tax Credit</td>
</tr>
<tr>
<td>EW</td>
<td>Eligibility Worker</td>
</tr>
<tr>
<td>FBU</td>
<td>Family Budget Unit</td>
</tr>
<tr>
<td>FFY</td>
<td>Federal Fiscal Year</td>
</tr>
<tr>
<td>FPL</td>
<td>Federal Poverty Level</td>
</tr>
<tr>
<td>FSP</td>
<td>Food Stamp Program</td>
</tr>
<tr>
<td>Acronym</td>
<td>Description</td>
</tr>
<tr>
<td>---------</td>
<td>-------------</td>
</tr>
<tr>
<td>FTB</td>
<td>Franchise Tax Board</td>
</tr>
<tr>
<td>HCFA</td>
<td>Health Care Financing Administration</td>
</tr>
<tr>
<td>HF</td>
<td>Healthy Families</td>
</tr>
<tr>
<td>IEV</td>
<td>Income and Earnings Verification System</td>
</tr>
<tr>
<td>IRS</td>
<td>Internal Revenue Service</td>
</tr>
<tr>
<td>LAO</td>
<td>Legislative Analyst’s Office</td>
</tr>
<tr>
<td>MEB</td>
<td>Medi-Cal Eligibility Bureau (CDHS)</td>
</tr>
<tr>
<td>MEDS</td>
<td>Medi-Cal Eligibility Determination System</td>
</tr>
<tr>
<td>MMC</td>
<td>Medi-Cal Managed Care</td>
</tr>
<tr>
<td>MN</td>
<td>Medically Needy</td>
</tr>
<tr>
<td>MNP</td>
<td>Medically Needy Program (Medi-Cal)</td>
</tr>
<tr>
<td>MRMIB</td>
<td>Managed Risk Medical Insurance Board (administers HF)</td>
</tr>
<tr>
<td>NAFS</td>
<td>Non-Assistance Food Stamps</td>
</tr>
<tr>
<td>NEC</td>
<td>Notice of End of Certification</td>
</tr>
<tr>
<td>NOA</td>
<td>Notice of Action</td>
</tr>
<tr>
<td>PA</td>
<td>Public Assistance</td>
</tr>
<tr>
<td>PAFS</td>
<td>Public Assistance Food Stamps</td>
</tr>
<tr>
<td>PP</td>
<td>Percent Programs (Medi-Cal)</td>
</tr>
<tr>
<td>PRWORA</td>
<td>Personal Responsibility and Work Opportunities Reconciliation Act of 1996</td>
</tr>
<tr>
<td>QC</td>
<td>Quality Control Program (Food Stamp)</td>
</tr>
<tr>
<td>QSR</td>
<td>Quarterly Status Report</td>
</tr>
<tr>
<td>RV</td>
<td>Reinvestigation (Medi-Cal)</td>
</tr>
<tr>
<td>SB</td>
<td>(California) Senate Bill</td>
</tr>
<tr>
<td>SFIS</td>
<td>Statewide Fingerprint Imaging System</td>
</tr>
<tr>
<td>SOC</td>
<td>Share of Cost</td>
</tr>
<tr>
<td>SSI</td>
<td>Supplemental Security Income</td>
</tr>
<tr>
<td>TANF</td>
<td>Temporary Assistance for Needy Families</td>
</tr>
<tr>
<td>TBD</td>
<td>To be determined</td>
</tr>
<tr>
<td>TMC</td>
<td>Transitional Medi-Cal</td>
</tr>
<tr>
<td>UI</td>
<td>Unemployment Insurance</td>
</tr>
<tr>
<td>USDA</td>
<td>United States Department of Agriculture</td>
</tr>
<tr>
<td>WPRP</td>
<td>Welfare Policy Research Project</td>
</tr>
<tr>
<td>WTW</td>
<td>Welfare-to-Work</td>
</tr>
</tbody>
</table>
1. INTRODUCTION

BACKGROUND

Before the welfare reforms of the 1990s, the financial safety net for poor families with children in the United States consisted of four programs: Aid to Families with Dependent Children (AFDC) provided cash assistance to poor families with children, usually headed by single mothers; Supplemental Security Income (SSI) providing cash assistance to poor disabled families; the Food Stamp Program (FSP) provided coupons (“stamps”) for the purchase of food; and Medicaid (Medi-Cal in California) provided health care. This set of programs, particularly AFDC, was criticized for discouraging employment and making it difficult for a recipient to earn enough to leave public assistance. When AFDC recipients obtained jobs, their earned income caused their cash assistance and Food Stamps to decline rapidly. The federal Family Support Act of 1988 permitted low-income households exiting AFDC to continue to qualify for transitional Medicaid benefits for up to one year.

The welfare reforms of the 1990s intended, among other things, to accelerate the move from cash assistance to work. Cash assistance programs were modified to encourage, enable, and reward employment. The Medicaid program continued to serve those leaving cash aid and was extended to some low-income, but non-cash assistance, children. The Earned Income Tax Credit (EITC), first established in 1975, was again increased, and then massively expanded, so that it lifted out of poverty a family with an adult working full-time at slightly above the minimum wage (i.e., the household’s income would be roughly equivalent to the federal poverty level for a family of three in 2003, $15,260).

These reforms culminated in the federal Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) of 1996 and the California Work Opportunity and Responsibility to Kids Act (CalWORKs) of 1997. This reform legislation radically changed the welfare system based on dual goals: (1) Cut dependency (i.e., the cash-assisted caseload), while (2) maintaining support for poor children. Ron Haskins, the leading Republican staffer on the House Ways and Means Committee, described the reforms as attempting to replace a system that discouraged work and encouraged dependency with a “work support system” (Haskins, 2000).

In order to cut dependency, states were required to engage cash-aided recipients in unsubsidized employment or activities likely to lead to unsubsidized employment. In addition, both to signal the end to long-term reliance on cash aid and to directly advance that goal, PRWORA placed strict limits on the use of federal funds for adults who had received cash aid for more than five years.
In order to maintain support for poor children, other non-time limited programs were continued and expanded: The EITC was significantly increased, Medicaid was made available to families ineligible for cash assistance (through section 1931(b) of the federal Social Security Act), and the Food Stamp program was preserved and extended to low-income working families.

The robust economy of the late 1990s, together with the legislative reforms, led to a sustained and large drop in the AFDC/TANF caseload, both nationally and in California. However, despite the claims that the rest of the non-time-limited programs should continue to be available to families after they left cash assistance, there was some evidence of low levels of participation (or “take-up”), which generated considerable concern. Greenstein and Guyer are representative:

“Although eligibility for neither program [Food Stamps or Medicaid] is dependent on welfare receipt, the dramatic declines in cash assistance rolls appear to have resulted in large numbers of eligible working families failing to receive Medicaid or food stamp assistance for which they qualify, including many families that have moved from welfare to work.”

These analysts and others identify some possible reasons for low take-up rates, including:

- **Knowledge and Understanding**: Some recipients simply may not know they are eligible for Medi-Cal, the Food Stamp program, and the EITC. The California Department of Social Services (CDSS), the California Department of Health Services (CDHS), and the counties administer CalWORKs, Medi-Cal, and Food Stamps, and they have programs in place to improve notification and increase knowledge about Medi-Cal and Food Stamps. However, the degree to which recipients know that they might be eligible is not known. In addition, even when recipients are informed, it is not clear whether they understand the numerous regulations and requirements for the different programs.

- **Low Value or Ineligibility**: For many employed former recipients, the value of some of the benefits for which they are still eligible will be very low. In some cases they may be ineligible to receive any benefits. For example, if earned income is high, the value of Food Stamps would be low, and if earnings are high enough, former recipients may be completely ineligible for the benefits. In addition, former recipients who have employer-sponsored health insurance may have less Medi-Cal coverage. Finally, Medi-Cal coverage is available retrospectively, so that there is

---

2 For a survey of this literature, see Pavetti, Maloy, and Schott (2002). See also USDA (1999) and Zedlewski and Gruber (2001). The early national literature on Food Stamps includes: Zedlewski and Brauner (1999); Wilde et al. (2000); and Acs and Loprest (2000). Zedlewski and Gruber (2001) provide a more recent national discussion of Food Stamps. The early national literature on Medicaid/Medi-Cal includes: Dion and Pavetti (2000); Ku and Bruen (1999); Ellis and Smith (2000); Garrett and Holahan (2000a, 2000b); and California Budget Project (2001).

less reason to enroll before using care. If urgent care is needed, the hospital or provider will work
with county caseworkers to enroll the individual in Medi-Cal after the fact.

- **Hassle Factor**: Application and recertification procedures are often complicated and
burdensome. Some statutory and program changes to address this concern have already been
made (e.g., simplified applications and other forms), while others have been proposed or are
being implemented (e.g., moving from monthly to quarterly income reporting for Food Stamps).

- **Stigma**: Evidence suggests that participation in means-tested welfare programs carries
considerable stigma. This is particularly true for Medi-Cal, which many health care providers will
not accept, and for the Food Stamp program, which, until recently, required the public use of
highly visible coupons. Many recipients would, therefore, rather not bear the stigma unless their
need is great.

Whatever the reason(s), low “take-up” of these programs is of concern because of its impact on the
recipients and because of its impact on the welfare system. With respect to recipients, low take-up rates
suggest that families in need are not receiving benefits for which they are eligible. Increasing take-up
would improve the life circumstances of low-income families and low-income children. The low-wage
jobs held by many “welfare leavers” (those who stop receiving cash benefits) often provide insufficient
income for a family’s total expenses. Higher Medicaid/Medi-Cal take-up rates would mean more health
insurance coverage and thereby more health care utilization and improved health status. Similarly, more
cash from Food Stamps and the EITC would increase household resources. Such increases in household
resources have been shown to improve child outcomes. However, such improvements will not be
realized unless welfare leavers participate in the programs.

As for impact on the welfare system itself, if welfare leavers do not realize they are eligible for these non-
time-limited benefits after they leave cash aid, they may continue to rely on cash assistance out of the
(incorrect) fear of losing health benefits and Food Stamps. Conversely, increased knowledge of these
programs among current cash aid recipients would be expected to induce more current recipients to exit
cash assistance. Some empirical evidence supports this expectation. While this was the intent of the
policy changes, such reductions in the caseload will not be realized if current recipients are unaware of
their eligibility for the non-time-limited programs after they cease receiving cash benefits.

---

4 In recent years, however, the federal government has been implementing a new system of Electronic Benefits
Transfer (EBT), which replaces the old coupons with electronic debit cards. The EBT system should help to reduce
stigma, if not eliminate it entirely.
5 See especially the discussion of the Minnesota Family Investment Program in Grogger, Karoly, and Klerman,
2002.
OBJECTIVE

In response to concerns about the potentially low take-up rates of non-time-limited programs among recent CalWORKs leavers, the Welfare Policy Research Project (WPRP) asked RAND to analyze the utilization of Medi-Cal, Food Stamps, and the federal EITC among former AFDC/CalWORKs recipients who leave AFDC/CalWORKs monthly cash aid with paid employment and who remain eligible for Medi-Cal, Food Stamps, and/or the EITC. The main report of that project (Klerman, Cox, et al, 2004) provides quantitative analyses of administrative data and limited analyses of survey data to understand program take-up and how it varies through time and across sub-groups. Complementary to that quantitative report, this document describes and analyzes the process of continuing enrollment in the Food Stamp and Medi-Cal programs after leaving cash aid. (Because the state and counties do not administer the federal EITC program, we do not include it in this report.) Specifically, we review the relevant history, statutes, and regulations of the Food Stamp and Medi-Cal programs and present the results of qualitative interviews and of some of the quantitative tabulations of survey data that relate to former recipients’ enrollment in these programs. Understanding the underlying regulations, the actual processes, and caseworker and recipient experiences with these programs will be useful to anyone trying to change these programs to increase take-up or to achieve other objectives. The final chapter of this document collects several process changes worthy of additional consideration.

APPROACH

We use multiple methods and data sources to conduct the qualitative and quantitative analyses in this report. The qualitative methods include content analysis of state and county documents and analysis of in-person interviews. The quantitative methods include tabulations of survey data and state administrative data. We also reviewed the existing secondary literature for California on Medi-Cal, Food Stamps, and cash assistance (in particular, the discussions prepared by the Legislative Analysts’ Office, LAO) and the corresponding literature for other states and the nation as a whole. Finally, we surveyed and drew insights from relevant social science literatures.

The data analyzed come from numerous sources. Qualitative data include:

- **State and County Documents**: We gathered relevant statutes, official state regulations, CDSS All County Letters (ACLs); CDSS All County Information Notices (ACINs), CDHS All County Welfare Director Letters (ACWDLs), and county policies and procedures.
- **Key Informant Interviews**: To understand the policy context and key implementation issues, we interviewed senior government officials at the state and county levels, as well as outside observers and advocates. Specifically, we visited five counties: Butte, Orange, Los Angeles, and
Sacramento. In each county, we asked to speak to the county welfare department director and the
individuals who lead Food Stamp and Medi-Cal policy (or their designates). In addition, we
visited one local office and spoke to the office director. Each of these key-informant interviews
proceeded according to a semi-structured protocol, distributed to the sites before the interviews,
and intended to cover a range of issues related to informing, enrolling and reenrolling welfare
leavers.

- **Caseworker and Supervisor Focus Groups**: To understand how the policies are implemented in
  practice, we asked the office director in the selected office to provide four to five caseworkers for
  a focus group and two to three supervisors for separate focus group. The focus groups were run
  according to pre-set, semi-structured, protocols designed to cover a range of issues related to
  informing, enrolling and reenrolling welfare leavers.

Quantitative data include:

- **Household Survey**: We added questions about program take-up to an ongoing RAND survey of
current and recent CalWORKs recipients in six counties conducted as part of the RAND
Statewide CalWORKs Evaluation.

- **State Administrative Data**: We also analyzed statewide administrative records on program
participation in Medi-Cal and Food Stamps from the Medi-Cal Eligibility Determination System
(MEDS). We matched these data to quarterly information on earnings filed by employers with
the Employment Development Department (EDD) as part of the operation of the state’s
Unemployment Insurance (UI) Program.

**LIMITATIONS**

The analyses reported here are subject to several important limitations. First, they rely primarily on
qualitative fieldwork. This qualitative fieldwork occurred in only six counties and then over only a small
number of visits. More intensive fieldwork in the selected counties or visits to other counties would have
enriched (and perhaps changed) our conclusions. Our interviewees were often chosen by the county
welfare departments. Chosen interviewees may have differed systematically from the set of all
interviewees. Finally, interviewees often have reason to report less than completely. We have tried to
consider these biases as we interpret the evidence. Nevertheless, the reader should keep these limitations
in mind.

---

8 Throughout, we use “caseworker” to refer to the assigned line worker. See Appendix C for titles and division of
tasks across workers.

9 See Appendix A for more detail on these data sources.
S administrative data. While administrative data are often of higher quality than survey data, such data are often far from perfect. In particular, our data cover only California. We treated anyone who left the state as not participating in any programs and having no earnings. Our data do allow us to track inter-county, but not intra-state, moves.] California is a large state, so out-of-state migration is less of a problem than in smaller states. Nevertheless, the reader should interpret the results cognizant of the fact that program participation estimates and earnings are understated because we could not capture behavior outside of California.

Second, some parts of the analysis draw on a survey in six counties. In addition to the standard issues about low response rates among welfare populations, this survey has several other issues. It is unclear to what extent results for the six counties generalize to the state as a whole. The sample was not drawn to be representative of the entire state. Furthermore, the survey was only administered in English and Spanish. Those speaking other languages (as recorded in the statewide administrative data) were excluded from the sampling frame.

ORGANIZATION OF THIS DOCUMENT

This document presents its results in five chapters. In chapter two, we describe the Food Stamp and Medi-Cal programs in greater detail, including recent statutory changes that are related to program take-up. In the third chapter, we explain how welfare agencies inform recipients about their potential eligibility for Food Stamps and Medi-Cal after they leave CalWORKs, how they determine leavers’ eligibility for the two programs, and problems that arise at initial enrollment and during ongoing enrollment. In chapter four, we rely on survey data to explore recipients’ understanding of the programs and their reasons for not taking up the Food Stamp and Medi-Cal programs. In the fifth and final chapter, we draw these findings together, discuss several issues in Medi-Cal and Food Stamp take-up, and make policy recommendations.

Appendix A gives more detail on our data sources and methods, while Appendix B provides more detail on the counties we visited. Appendix C provides technical detail on the process of exiting public assistance programs, including the relevant forms and official notices. Appendix D describes some simple tabulations describing CalWORKs leavers and their earnings.
2. THE FOOD STAMP AND MEDI-CAL PROGRAMS

Any discussion of CalWORKs leavers’ participation in (or take-up of) Food Stamps and/or Medi-Cal must begin with a clear understanding of the two programs. This chapter attempts to provide that background. We consider program structure and philosophy and then recent program changes, first for Food Stamps, and then for Medi-Cal. The chapter concludes by noting some differences between the two programs and their evolution over the last decade. We then relate those differences back to fundamental differences between the two programs. We defer discussion of current administrative procedures in the two programs until Chapter 3.

THE FOOD STAMP PROGRAM

The Food Stamp program is a federal program run by the United States Department of Agriculture (USDA) and governed by federal statute. The USDA establishes the level of benefits and most other program regulations. The states (and, in California, the counties) administer the program, establishing initial and ongoing eligibility and making payments, while paying half of administrative costs. The USDA pays the other half of administrative costs and 100 percent of the cost of Food Stamp benefits.

How the Food Stamp Benefit Is Computed for CalWORKs Leavers

Food Stamps have traditionally been issued as coupons (“stamps”) that low-income individuals can use at grocery stores to purchase food. In recent years, however, the federal government has been implementing a new system of Electronic Benefits Transfer (EBT), which replaces the old Food Stamp coupons with electronic debit cards.10 The value of the Food Stamp benefit varies with other household income, including cash aid (CalWORKs or other cash assistance), earnings, and other sources of income. Table 2.1 provides the value of the Food Stamp benefit for a family of three (single parent and two children) on and off CalWORKs and at different earnings levels. The percentage of the federal poverty line (FPL)

10 EBT has been in place in San Diego and San Bernardino Counties since 1998, and a statewide project is scheduled to roll out over the next few years. Pilot testing began in the summer of 2002, and the first post-pilot counties were scheduled to begin implementation in late 2002, with roll-out continuing through 2004. For more on Electronic Benefit Transfer Project for Food Stamps in California, see the EBT Project website [http://www.ebtproject.ca.gov/Overview.htm]; See also LAO’s 2001-02 Analysis of the Budget Bill, p. 213, [http://www.lao.ca.gov/analysis_2001/health_ss/healthss_anl01.pdf], which notes that California’s EBT program has been delayed by procurement issues and that, as a result, [it – what? – will be later than a federal October 2002 deadline.] The state has obtained a waiver to avoid penalties that would otherwise result from the delay. For a national perspective on EBT implementation and the October 2002 deadline, see American Public Human Services Association, Washington Memo, “The Food Stamp Program and Electronic Benefits Transfer”. [http://www.aphsa.org/reauthor/fsebt.asp]
refers to the ratio of total net income (earnings, cash aid, Food Stamps, net of taxes – including the Earned Income Tax Credit) to the FPL.

Table 2.1

<table>
<thead>
<tr>
<th>Monthly Earnings</th>
<th>CalWORKs</th>
<th>Food Stamps</th>
<th>% of FPL</th>
<th>Food Stamps</th>
<th>% of FPL</th>
<th>CalWORKs alone</th>
<th>Food Stamps alone</th>
<th>Marginal Tax Rates</th>
<th>Combined (i.e., Food Stamps when on CalWORKs)</th>
</tr>
</thead>
<tbody>
<tr>
<td>$ 0</td>
<td>$ 679</td>
<td>$ 275</td>
<td>77%</td>
<td>$ 366</td>
<td>28%</td>
<td>-</td>
<td>-</td>
<td>-5%</td>
<td>-23%</td>
</tr>
<tr>
<td>$ 250</td>
<td>$ 666</td>
<td>$ 252</td>
<td>97%</td>
<td>$ 366</td>
<td>54%</td>
<td>-5%</td>
<td>-23%</td>
<td>0%</td>
<td>-23%</td>
</tr>
<tr>
<td>$ 500</td>
<td>$ 541</td>
<td>$ 230</td>
<td>111%</td>
<td>$ 366</td>
<td>80%</td>
<td>-50%</td>
<td>9%</td>
<td>0%</td>
<td>-13%</td>
</tr>
<tr>
<td>$ 750</td>
<td>$ 416</td>
<td>$ 207</td>
<td>125%</td>
<td>$ 332</td>
<td>103%</td>
<td>-50%</td>
<td>9%</td>
<td>-13%</td>
<td>-13%</td>
</tr>
<tr>
<td>$ 1,000</td>
<td>$ 291</td>
<td>$ 185</td>
<td>137%</td>
<td>$ 272</td>
<td>121%</td>
<td>-50%</td>
<td>9%</td>
<td>-13%</td>
<td>-13%</td>
</tr>
<tr>
<td>$ 1,250</td>
<td>$ 166</td>
<td>$ 162</td>
<td>144%</td>
<td>$ 212</td>
<td>135%</td>
<td>-50%</td>
<td>9%</td>
<td>-13%</td>
<td>-13%</td>
</tr>
<tr>
<td>$ 1,500</td>
<td>$ 41</td>
<td>$ 140</td>
<td>148%</td>
<td>$ 152</td>
<td>146%</td>
<td>-50%</td>
<td>9%</td>
<td>-13%</td>
<td>-13%</td>
</tr>
<tr>
<td>$ 1,563</td>
<td>$ 10</td>
<td>$ 134</td>
<td>149%</td>
<td>$ 137</td>
<td>149%</td>
<td>-----</td>
<td>-----</td>
<td>-----</td>
<td>-----</td>
</tr>
<tr>
<td>$ 1,564</td>
<td>$ -</td>
<td>$ 137</td>
<td>149%</td>
<td>$ 137</td>
<td>149%</td>
<td>-----</td>
<td>-----</td>
<td>-----</td>
<td>-----</td>
</tr>
<tr>
<td>$ 1,627</td>
<td>$ -</td>
<td>$ 122</td>
<td>151%</td>
<td>$ 122</td>
<td>151%</td>
<td>-----</td>
<td>-----</td>
<td>-----</td>
<td>-----</td>
</tr>
<tr>
<td>$ 1,626</td>
<td>$ -</td>
<td>$ -</td>
<td>142%</td>
<td>$ -</td>
<td>142%</td>
<td>-----</td>
<td>-----</td>
<td>-----</td>
<td>-----</td>
</tr>
</tbody>
</table>

NOTE: Estimated from RAND’s Take Home Pay Program for early 2003 for a single parent with two children. “Combined” includes taxes and EITC payments.

The far right panel of the table (labeled “Marginal Tax Rates”) gives the percentage decrease in each income source with each additional dollar earned. After disregarding the initial $225 of monthly earnings, CalWORKs payments decline by $0.50 for each additional dollar of earnings, a 50 percent tax rate (see the first column of the third panel). For the computation of the Food Stamp benefit, CalWORKs benefits are counted as income. In our example, for each additional dollar of earnings, the Food Stamp benefit falls by about $0.09 (see the second column of the third panel). Thus, the two welfare programs together permit this household to keep only about $0.41 for each additional dollar of earnings. At these low levels of earnings, the household pays no federal or state income taxes, but it does pay federal payroll taxes (for Social Security and Medicare). Those taxes further decrease take-home pay. Most of these taxes are offset by the federal EITC. Through most of this range of earnings, the EITC pays this three-person family an additional $0.40 for each additional dollar of earnings. The net effect is that this household – poor enough to qualify for both CalWORKs and Food Stamp benefits – has a total "tax rate" of about 24 percent. That is, this low-wage, single mother with two children keeps about $0.76 of each additional dollar she earns.
At zero earnings, this family of three receives a CalWORKs payment of $679 and a Food Stamp benefit of $275, yielding total income equal to 77 percent of the FPL. As earnings increase, the CalWORKs payment and the Food Stamp benefit fall, while the EITC rises. The net result is that earnings of $500 per month (about 17 hours per week at California’s minimum wage of $6.75 per hour), lifts the CalWORKs family above the poverty line. Earnings of $750 per month (about 26 hours per week at the minimum wage), lifts the family no longer receiving CalWORKs above the poverty line. See Appendix D for an analysis of actual earnings among CalWORKs recipients and leavers. Note that this analysis does not take into account the increased costs associated with employment, namely child care, transportation, and sometimes clothing expenses. Some counties provide additional benefits to help defray a portion of these employment-related expenses.

A family of three continues to be eligible for both programs at considerably higher levels of earnings. Eligibility for CalWORKs ends when earnings exceed $1,563 per month (40 hours per week at about $9.20 per hour, nearly a third higher than the minimum wage); eligibility for Food Stamps ends when earnings exceed $1,627 per month (40 hours per week at about $9.58 per hour).

The numbers in Table 2.1 have important implications for our analysis of Food Stamp take-up among employed CalWORKs leavers. First, it is difficult to retain any Food Stamps after earning enough to lose cash aid. At earnings only slightly higher than the CalWORKs earnings limit ($1,628 versus $1,564, a difference of $64 per month), the family ceases to be income-eligible for Food Stamps. Thus, it will often be the case that the earnings increase that makes a family income-ineligible for cash assistance (about three hours per week at the minimum wage or about 30 cents per hour for those working full-time) will also make the family income-ineligible for Food Stamps.11

Second, even if the family remains income-eligible for Food Stamps, the amount of the benefit – about $122-$140 per month – may not be worth the stigma and/or hassle (more on this in Chapter 3 and Appendix B).

---

11 We note that this situation occurs only in states with fairly generous cash benefits. California’s cash benefits are among the highest in the country, but our costs-of-living are also among the highest. In addition, relative to other states, cash benefits in California decline relatively slowly with earnings (no decline for the first $225 and then a fifty-cent decline for each additional dollar of earnings). The net effect of these two policies is that, in California, a family remains eligible for cash assistance at higher levels of income than in most other states. However, the Food Stamp income cut-off is uniform across the country. Thus, in other states families may lose cash assistance at lower income levels, but remain eligible for Food Stamps until their earnings reach the higher federal income cut-off. Put differently, families in other states who are eligible only for Food Stamps would continue to be eligible for cash assistance and Food Stamps in California. In those states, Food Stamps are a more important part of the safety net for those who exit cash aid.
Third, in the higher earnings range, if the household remains eligible, the cash benefit is also likely to be small. Thus, for similar reasons, many families leave CalWORKs because, although they remain income-eligible, the benefit would be modest. Some county welfare departments (CWDs) encourage such exits so that the adults will not exhaust their lifetime limit of 60 CalWORKs months. If the family leaves CalWORKs while retaining income eligibility, the Food Stamp benefit would be larger. For example, a family with monthly earnings of $1,000 is eligible for a CalWORKs benefit of $291 (rather than the $679 at zero earnings) and Food Stamps of $185 (rather than the $309 at zero earnings). Off CalWORKs, that family would be eligible for Food Stamps of $272. However, once a family exits CalWORKs, retaining Food Stamps requires burdensome and intrusive monthly reporting of household income (the CW 7 “Monthly Eligibility Report” that recipients must fill out and return each month; see Appendix C). Consequently, any family that leaves CalWORKs because of high income might also choose to discontinue receipt of Food Stamps.

This analysis suggests that for many employed CalWORKs leavers, the value of the Food Stamp benefit may not be large enough to overcome the non-monetary costs. This, in turn, may explain some of the low take-up rates.

The Food Stamp Program and Its Quality Control System

To understand recent changes to the Food Stamp Program, it is important to take note of the program’s “error rate culture.” Because the program is set up with states making eligibility decisions while the federal government pays the benefits, there is an incentive for the states to be overly generous in granting benefits. To prevent such an outcome, the federal regulations require the states to do regular quality control (QC) audits of Food Stamp payments. These QC audits are intended to verify that eligibility was properly determined and that the benefits were calculated correctly. States with “error rates” above the national average are subject to potentially large fiscal penalties.

This QC system has important implications for program design and take-up. Error rates tend to be higher for employed recipients because their income may vary from month to month. Furthermore, with the robust economy and CWDs emphasizing CalWORKs welfare-to-work (WTW) activities, the fraction of

---

12 As shown in Table 2.1, the value of Food Stamps “off CalWORKs” is larger than the amount “on CalWORKs” because cash aid is treated as income for the computation of the Food Stamp benefit.
13 Center on Budget and Policy Priorities, 2001a and 2001b.
14 The Farm Security and Rural Investment Act of 2002 reauthorized the Food Stamp Program. It included significant changes to the Food Stamp QC system. Using the new methodology, California’s fiscal penalty (discussed below) would have been much smaller – $16.7 million versus $114.3 million.
recipients working increased sharply in the late 1990s. These changes put upward pressure on the Food Stamp error rate.

For California, the result has been potentially serious. As CWDs focused on implementing the complicated new CalWORKs program in 1998, California’s Food Stamp error rates shot up above the national average (13 percent versus 11 percent). Furthermore, California’s error rates continued to rise to a level above every other state in the nation – 17.37 percent in the federal fiscal year (FFY) ending September 30, 2001, versus 8.66 percent in the nation as a whole. In some counties, the rates were even higher – for example, 22.92 percent in Los Angeles County. The USDA responded by publicly scolding the state and by assessing steep fines ($114.3 million for FFY 2001, which, at this writing, the state is appealing, plus $12 million for FFY 2000).¹⁵ Most of the FFY 2000 fines and potentially the FFY 2001 fines are held “at risk,” which means that the state only has to pay them if California’s error rate is not brought into compliance with the national rate by the end of FFY 2003.

These QC penalties force the state to focus on improving payment accuracy, rather than on outreach to eligible but unenrolled families to needy recipients. Such a focus may lead to shifting the burden of proof to applicants and recipients, and to avoiding program innovations – such as eliminating the need for an in-person redetermination – that might lessen the burden on recipients and increase program take-up rates. We note, however, that none of those we interviewed directly connected error rate considerations to low Food Stamp take-up rates among CalWORKs leavers.

THE MEDI-CAL PROGRAM

Medicaid is a joint federal-state program that funds health care for low-income persons, including welfare (AFDC/TANF) and other public assistance recipients, recent welfare leavers, and some other low-income families. Funds for the program are provided by the state with a 50 percent federal matching rate. States have considerable discretion in shaping their Medicaid programs.

In California, Medicaid is known as Medi-Cal. Medi-Cal is provided through a large number of sub-programs, each with its own “Aid Code”. With the introduction of CalWORKs, California’s Medi-Cal program changed rapidly as the state made strong use of that discretion.

This section begins by describing the process of Medi-Cal eligibility determination and the most common of the Medi-Cal sub-programs for welfare leavers—after these changes. The section then discusses recent changes in Medi-Cal and how they were implemented.

**How Medi-Cal Eligibility is Determined for CalWORKs Leavers**

To understand the procedures for enrolling CalWORKs leavers in Medi-Cal, it is crucial to understand that different target populations gain access to Medi-Cal through different routes, and that different income and asset tests may apply. Table 2.2 provides a brief summary of the four main programmatic routes we discuss below. Caseworkers usually have to choose among several specific options, represented by the aid codes in the first column.

<table>
<thead>
<tr>
<th>Aid Codes</th>
<th>Program Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>30, 31, 32, 33, 35, 3A, 3C, 3G, 3H, 3P, 3R, 40, 41, 42</td>
<td>CalWORKs</td>
</tr>
<tr>
<td>38</td>
<td>Edwards v. Kaiser (“Edwards/ Aid Code 38”)</td>
</tr>
<tr>
<td>39, 3T, 59, 5T, 5X, 5Y</td>
<td>TMC</td>
</tr>
<tr>
<td>3N</td>
<td>1931(b)</td>
</tr>
</tbody>
</table>

**Table 2.2 Selected Medi-Cal Programs**

<table>
<thead>
<tr>
<th>Aid Codes</th>
<th>Program</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>30, 31, 32, 33, 35, 3A, 3C, 3G, 3H, 3P, 3R, 40, 41, 42</td>
<td>CalWORKs</td>
<td>Cash assistance</td>
</tr>
<tr>
<td>39, 3T, 59, 5T, 5X, 5Y</td>
<td>TMC</td>
<td>Medi-Cal coverage for employed CalWORKs leavers and their families. Without income restriction in the first six months, for those with income below 185 percent of FPL for an additional six months for children, and for an additional eighteen months for adults.</td>
</tr>
<tr>
<td>3N</td>
<td>1931(b)</td>
<td>Almost any family leaving CalWORKs with income below a statutory threshold remains eligible under 1931(b). Formally, the family must have been receiving cash aid for at least three of the last six months. For a working family of three, that threshold is about 149 percent of FPL, which is slightly higher than the income limit for receipt of cash assistance.</td>
</tr>
</tbody>
</table>

Note: See Figures 2.1 and 2.2 for more detail on these programs – their income criteria and other details.

---

16 This computation proceeds by applying $225 and 50 percent disregard to earned income and comparing it to the “Effective Section 1931 Income Limit” for a family of three of $793 (as updated, see for example, ACWDL 02-27).
Briefly, for an adult (Figure 2.1), the county caseworker first checks eligibility for 1931(b), which is intended to provide Medi-Cal to anyone who would have been eligible for cash assistance under the pre-1996 eligibility criteria. Because of some technical issues, in practice, 1931(b) coverage is available to families with incomes slightly above the current CalWORKs income cutoff (146 percent of the FPL versus 120 percent of the FPL). Thus, parents and children with income slightly above the CalWORKs eligibility threshold, and those leaving CalWORKs with income below that threshold (perhaps to avoid the “hassle” and stigma or to “bank” months against time limits), will qualify for 1931(b) indefinitely, as long as their income remains below the income cutoff.

<table>
<thead>
<tr>
<th>% of FPL</th>
<th>100</th>
<th>110</th>
<th>120</th>
<th>130</th>
<th>140</th>
<th>150</th>
<th>160</th>
<th>170</th>
<th>180</th>
<th>190</th>
<th>200</th>
<th>210</th>
<th>220</th>
<th>230</th>
<th>240</th>
<th>250</th>
</tr>
</thead>
<tbody>
<tr>
<td>Immediately</td>
<td>Edwards/Aid Code 38 / no income limit</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Months 1-6</td>
<td>TMC / no income limit</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Months 7-12</td>
<td>1931(b) / ~146% FPL</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Months 13-24</td>
<td>TMC / 185% FPL</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Indefinitely</td>
<td>TMC / 185% FPL</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Figure 2.1—Medi-Cal Program Options for Adults, by Income Level (Expressed as a Percent of the Federal Poverty Level) and Time Since CalWORKs Exit**

For those with higher earnings, TMC is available, but the details are quite complicated. DHS ACWDL 98-56 includes a three-page flow chart describing the official procedure. In brief, eligibility for TMC is limited to a total of 24 months (two years). For the first six months, there is no income limit (although the household must have some reported earnings). For the second six months, TMC is available to those with income below 185 percent of the FPL. Finally, in the second year (months 13 to 24), TMC is available to adults – but not to children – with some reported earnings and income below 185 percent of FPL.

---


18 On the reasons for this gap between CalWORKs and 1931(b), see the LAO 1998-99 Budget Analysis (1998). [http://www.lao.ca.gov/analysis_1999/health_ss/health_ss_anl99.pdf] They explain: “DHS mixed elements of CalWORKs and AFDC eligibility rules in a way that results in a standard that is considerably higher than in either of the welfare programs. Primarily, this involves using the ‘need’ standard to set the basic income limit (as in AFDC) instead of the maximum grant (as in CalWORKs), and allowing the more generous CalWORKs earned income disregards.”

19 However, in one county we visited, caseworkers described imposing the 185 percent FPL requirement immediately in the first six months, rather than waiting until the second six months.
For children (Figure 2.2), the options are even more complicated. To begin with, coverage through 1931(b) is available to children and is not time-limited. In addition, children may be covered by TMC for up to 12 months. Children, however, are not eligible for the second year of TMC. Instead, they qualify for the so-called “percent programs” (PP). Children under one year of age are eligible for Medi-Cal as long as household income is less than 200 percent of the FPL. Children under six are eligible for Medi-Cal as long as household income is less than 133 percent of the FPL, and children under 19 are eligible for Medi-Cal as long as household income is below 100 percent of the FPL. However, most children over one year of age should be covered by 1931(b), which will also cover the adults in the household. Finally, children in families with income below 250 percent of the FPL will be eligible for HF; however, the family must pay a premium.

<table>
<thead>
<tr>
<th>% of FPL</th>
<th>Immediately</th>
<th>Months 1-6</th>
<th>Months 7-12</th>
<th>Months 13-24</th>
<th>Indefinitely</th>
</tr>
</thead>
<tbody>
<tr>
<td>100</td>
<td>Edwards/Aid Code 38 / no income limit</td>
<td>TMC / no income limit</td>
<td>TMC / 185% FPL</td>
<td>Percent Programs / &lt;200% (age &lt; 1 year)</td>
<td>Healthy Families (HF) / &lt;250% FPL</td>
</tr>
<tr>
<td>110</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>120</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>130</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>140</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>150</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>160</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>170</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>180</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>190</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>200</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>210</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>220</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>230</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>240</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>250</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Figure 2.2—Medi-Cal Program Options for Children, by Income Level, (Expressed as a Percent of the Federal Poverty Level) and Time Since CalWORKs Exit

Even as represented here, this is a complicate set of programs and program eligibility conditions. Furthermore, Figure 2.1 and Figure 2.2 suppress dozens of other smaller Medi-Cal sub-programs through which welfare leavers might gain eligibility. In addition, most Medi-Cal caseworkers also deal with non-welfare leavers. Non-welfare leavers are potentially eligible for several dozen other Medi-Cal sub-programs.

We will see that, in practice, today, the situation is quite simple. Almost everyone is eligible for 1931(b). Few welfare leavers have income above the 1931(b) cutoff. Many of them are eligible for employer sponsored health insurance. Thus, in practice, Medi-Cal caseworkers rarely need to check beyond 1931(b).

---

20 The 1931(b) program has an asset test; the “percent” programs do not. Thus, some children in families with low income but high assets will qualify only for the “percent” programs. In practice, among CalWORKs recipients, enrollment in the “percent programs” is trivial.

21 See ACWDL 01-57, “Changes to the Current Bridging Program,” October 15, 2001, for a mention of the increase of the HF limit from 200 to 250 percent of FPL.
Recent Changes in the Medi-Cal Program for CalWORKs Leavers

This is the situation as of this writing. It reflects several recent changes. In the pre-CalWORKs period (i.e., the mid-1990s), low-income families with children, Medi-Cal program covered current cash-aid recipients, some additional low-income children under the “percent programs,” and employed leavers for up to a year through Transitional Medi-Cal (TMC). Beginning in 1998 with the CalWORKs legislation, things changed rapidly. Here, we discuss five major changes.

(1) Implementing 1931(b)

When it passed in 1996, PRWORA (federal welfare reform) created a new group entitled to Medicaid benefits. Section 1931(b) of Title XIX of the federal Social Security Act ensured “that health coverage would remain at least as accessible to low income families after welfare reform as it was under the former AFDC categorical linkage.” Each state was to implement 1931(b) when its TANF Plan was approved by the Secretary of the federal Department of Health and Human Services. California’s TANF Plan was approved November 26, 1996. However, California’s CalWORKs statute tied implementation of 1931(b) to the implementation of CalWORKs on January 1, 1998 (rather than the earlier date when California’s TANF Plan was approved).

It then fell to CDHS to provide implementing regulations for 1931(b). Table 2.3 provides a 1931(b) implementation timeline, which reveals a number of issues. First, the 1931(b) regulations took a long time to emerge. More than a year passed between enactment into law of CalWORKs (August 11, 1997) and CDHS’s release of its initial 1931(b) guidelines (September 30, 1998). State and county officials initially expected the interim period to be short, but it clearly lasted far longer than anyone anticipated. Second, during the interim period, CDHS’s instructions to the counties were issued with little lead time. In particular, CDHS’s initial instructions about implementing (in fact, not implementing) the 1931(b) program were issued via e-mail the day before implementation was to begin (CDHS e-mail #97175, issued December 31, 1997, with implementation to begin January 1, 1998). That initial instruction was to do nothing. Prior to that date, leavers were “held” in a special status (known as “Edwards hold”/Aid Code 38; after the court case requiring this “hold”) until their status could be clarified (usually within 30 days).

---

22 We describe each of these programs and their inter-relation below (see the discussion around Figure 2.3).
24 See, for example, Schott, 2000, p. 6 and footnote 7.
25 For example, internal memos from Orange County in early February 1998 stated, “implementation [of the 1931(b) program] is expected in April or May 1998 for all new Medi-Cal applications for families and children.”
CDHS’s e-mail instructed counties to hold welfare leavers in this status until additional instructions were received. Some counties “held” cases; others did not. In our fieldwork, counties that did not hold cases cited computer issues. Holding cases was not part of their computer system’s regular procedures. Holding cases would have required considerable manual processing—for which they did not have staff. In counties that did hold cases, we heard that holding cases was the default in their computer systems—no additional processing was required, manual or otherwise. It thus appears that a quirk of which counties had which computer systems and what was involved in implementing a hold in the respective computer systems substantially affected whether or not cases were held.

These inconsistencies across counties may have caused similarly situated recipients to be treated differently depending on where they happened to live. Had all of the counties “held” leavers in the so-called Edwards aid code (Aid Code 38), families would not have lost their Medi-Cal eligibility. Indeed, these families would have continued to qualify for Medi-Cal without any financial reporting, determination of eligibility, or other required contact with the county. However, some counties – despite CDHS’s instructions – did not “hold” all leavers. In those counties, some leavers who should have remained eligible under the new 1931(b) rules may have lost their Medi-Cal eligibility.

### Table 2.3

<table>
<thead>
<tr>
<th>Date</th>
<th>Document Number</th>
<th>Title</th>
</tr>
</thead>
<tbody>
<tr>
<td>August 11, 1997</td>
<td></td>
<td>CalWORKs legislation chaptered</td>
</tr>
<tr>
<td>December 31, 1997</td>
<td>CDHS e-mail #97175</td>
<td>Instructing counties to hold all cases pending finalization of 1931(b) regulations</td>
</tr>
<tr>
<td>January 1, 1998</td>
<td></td>
<td>1931(b) effective</td>
</tr>
<tr>
<td>September 30, 1998</td>
<td>CDHS ACWDL 98-43</td>
<td>New Section 1931(b) Mandatory Coverage Group</td>
</tr>
<tr>
<td>November 12, 1998</td>
<td>CDHS ACWDL 98-43E</td>
<td>Errata to 98-43: Section 1931(b)</td>
</tr>
<tr>
<td>November 12, 1998</td>
<td>CDHS ACWDL 98-53</td>
<td>Section 1931(b) Program County Training Schedule</td>
</tr>
<tr>
<td>April 16, 1999</td>
<td>CDHS ACWDL 99-18</td>
<td>Section 1931(b) All County Welfare Directors Letter (ACWDL) No. 98-43</td>
</tr>
<tr>
<td>May 7, 1999</td>
<td>CDHS ACWDL 99-20</td>
<td>More Information and Questions and Answers on the Implementation of Section 1931(b)</td>
</tr>
<tr>
<td>May 12, 1999</td>
<td>CDHS ACWDL 99-23</td>
<td>Section 1931(b) Income and Sneede Budget Forms and Worksheets</td>
</tr>
<tr>
<td>July 16, 1999</td>
<td>CDHS ACWDL 99-37</td>
<td>New Definition of Applicant and Recipient Under Section 1931(b)</td>
</tr>
<tr>
<td>August 13, 1999</td>
<td>CDHS ACWDL 99-39</td>
<td>Increase in Section 1931(b) Income Limits</td>
</tr>
<tr>
<td>August 24, 1999</td>
<td>CDHS ACWDL 99-41</td>
<td>Revisions to Income Budget Forms Under Section 1931(b)</td>
</tr>
<tr>
<td>August 24, 1999</td>
<td>CDHS ACWDL 99-42</td>
<td>Clarification and Corrections on the Implementation of Section 1931(b)</td>
</tr>
</tbody>
</table>
Together, the unclear interim instructions and lengthy delay in issuing final regulations led to an enormous backlog of cases being held by counties pending final state instructions. The LAO estimated that more than a quarter million persons were in this limbo as of late 1998. In the absence of other action, Medi-Cal coverage continued. For counties with capitated Medi-Cal programs (i.e., counties paid HMOs on a per-person basis), payments were being made for those in the backlog. However, some of these “backlogged beneficiaries” should not have been eligible for the new 1931(b) benefits (because they had left the state, had a change in family status, or had income too high to qualify). Others should have been ineligible because they did not complete the required paperwork (some because it would not reach them, which became more and more likely as the most recent addresses became older and older; others because they had other sources of health insurance). At the same time, many others who remained eligible

---

for Medi-Cal did retain coverage in this interim period. Among these cases, however, not all participants were aware that their coverage continued after they left CalWORKs.

Third, when CDHS did issue additional guidance to counties on how and when to handle “held” cases, it imposed unrealistic deadlines. On September 30, 1998, over a year after CalWORKs became law, CDHS released an ACWDL with some of the regulations to implement the provisions of 1931(b) in California. That ACWDL noted that:

“Because CalWORKs was effective January 1, 1998, the new Section 1931(b) provisions also went into effect on January 1, 1998. For this reason, retroactive eligibility for all AFDC-MN [Medically Needy], MI [Medically Indigent] children, federal poverty level cases with infants and children and Aid Code 38 (Edwards) or Aid Code 3C cases with or without a[n] SOC must be evaluated back to January 1, 1998. This is important in the event eligibility for Transitional Medi-Cal needs to be established.”

That ACWDL also provided guidance about how to process the held cases:

- “Redetermination packages for aid code 38 [Edwards] cases are to be sent immediately, but no later than December 1, 1998.
- Cases which do not return their redetermination packages are to be discontinued as provided under usual Edwards [Aid Code 38] procedures; and,
- Case reviews of code 38 [Edwards] cases which return their redetermination packages are to be completed by April 30, 1999.”

Counties were allowed “until December 31, 1999 to complete reviews of their Medically Needy, Medically Indigent, and “percent” program cases with infants and children for Section 1931(b) eligibility.”

Counties were clearly worried about this schedule, and the LAO concurred. At least four issues were likely to stand in the way of this timeline. First, to do the work, CWDs would need to be clear on how to implement the program and then train caseworkers. However, training for senior county staff—the people who would need to develop training materials and then train caseworkers—was not provided until November and December of 1998; thus, the earliest that training for caseworkers could occur would be December of 1998 and early 1999.

---

27 Already in the spring of 1998, the LAO expressed concern about the planning for 1931(b) coverage. See the LAO’s 1999-00 Budget Analysis (1999) [http://www.lao.ca.gov/analysis_1999/health_ss/health_ss_anl99.pdf] and its recommendation that CDHS “develop, prior to budget hearings, a specific proposal and cost estimate for fully implementing 1931(b).”
Second, the necessary corresponding changes to computer systems were likely to take well over a year from the time the final 1931(b) regulations were issued. Thus, county caseworkers would have to process the backlog of cases manually, and the changes to the Medi-Cal program were massive, leading to very complicated manual calculations.

Third, because these changes were being processed manually and because of the backlog of cases that had developed, considerable labor would be required to complete the redeterminations. However, many CWDs had already had their Medi-Cal eligibility staffs depleted as eligibility staff applied and were hired for the better-paying and more interesting positions in the massively expanded CalWORKs Welfare-To-Work (WTW) program.29

Fourth, as shown in Table 2.3, additional details, answers to questions, and revisions of earlier answers continued to appear from CDHS through August 1999. Some draft regulations and Notices of Action (NOAs) were not released until mid-2000. Nevertheless, in response to county comments, CDHS ACWDL 99-18 (April 16, 1999) stated “ACWDL 98-43, and the deadlines established there under, will not be modified.”

In its response to federal DHHS inquiries, CDHS stated that: “The lack of draft regulations and Notices of Action did not delay the implementation of Section 1931(b). Most counties used generic NOAs prior to SB 87 and there were ACWDLs and Procedures issued at program implementation. The only draft regulations that were not sent out in ACWDL 98-43 were those of the Section 1931(b) program definitions, which were included in ACWDL 98-43, but were not in the regulation format.” However, the county officials we spoke to explicitly and vociferously stated that the lack of regulations and the often delayed release of ACWDLs seriously and adversely affected their implementation of 1931(b).

To understand actual implementation, we tabulated information on implementation of the 1931(b) instructions. Figure 2.3 (based on a table created by Ms. T. Homman of the Medi-Cal Eligibility Branch, “County Self-Certification of Section 1931(b) Medi-Cal Implementation”, April 23, 2001) plots the beginning and end dates of backlog review in each county (the bars) and the county’s reported date of 1931(b) implementation (the “B”).30

---

29 See Klerman et al., 2001.
30 The figure is based on Ms. Homman’s tabulation of county responses to CDHS ACWDL 01-29 (“County Self-Certification of Section 1931(b) Medi-Cal Implementation”, April 23, 2001).

Nationwide concern about the loss of Medicaid coverage by welfare leavers resulted in a letter from the Health Care Financing Administration (HCFA) to all State Medicaid Directors requiring them to review their implementation of
1931(b). To reply to this federal request, CDHS requested that each county provide a written description of their procedures to implement 1931(b) and the dates on which those implementations steps occurred.

CDHS provided us with the county replies and Ms. Homman’s summary table. Our request for the full analysis was denied. In a letter dated September 16, 2002, Richard Bratingham, the Acting Chief of the Medi-Cal Eligibility Branch (MEB) stated that the “analysis is an inter-agency memorandum and as of this writing the Department has not officially adopted Ms. Homman’s opinions about how the counties have implemented Section 1931(b).”
Figure 2.3—County Reports of 1931(b) Implementation

Source: T. Homman’s Tabulation of County Responses to CDHS ACWDL 01-29
(“County Self-Certification of Section 1931(b) Medi-Cal Implementation”, April 23, 2001)
The bars represent the reported beginning and end dates of 1931(b) backlog review, the “B” indicates the reported date 1931(b) implementation began
The figure suggests extreme heterogeneity in implementation of 1931(b). Many counties show very short intervals—often no period—of backlog processing (i.e., no bar in Figure 2.3), apparently because they had not held any cases. Some counties showed very long backlog processing, apparently because they held many cases and then made extraordinary efforts to contact those cases. Similarly, the date of beginning implementation of 1931(b) (shown by a “B” in Figure 2.3) also varies widely. In some counties, implementation began in early; in others it did not begin until late-2001.

Analysis of individual-level administrative data suggests that several of the larger counties (including much of the state’s caseload) held many cases. For these counties, implementation would have several steps (see CDHS ACWDL 98-43):

- Begin applying 1931(b) to new applications.
- Begin applying 1931(b) to new CalWORKs exits.
- Begin applying 1931(b) to new renewals and Medi-Cal terminations.
- Begin to handle the backlog of cases.

Handling the backlog of cases itself had several steps.

- Mail out the redetermination packets. Processing the backlog began before the legislation that mandates CWDs to use available information to determine eligibility (Senate Bill 87, see below), so continuing Medi-Cal required completion of an “Edwards Packet” (i.e., Aid Code 38; MC 210E). Once the language had been updated to include 1931(b), these packets could be mailed out. CalWORKs leavers nominally had a 30-day response period.
- For recipients who did not respond (nominally, within 30 days), follow-up and then terminate if still no response. Follow-up varied widely across the counties. Some counties did essentially nothing, other counties did multiple mailings. Some counties hired community-based organizations (CBOs) to attempt phone or in-person contacts, and other counties worked with the HMOs providing Medi-Cal services to contact former recipients.

---

31 We define the fraction of cases “held” as the increase in “Edwards Hold” cases among those off welfare 4-12 months between December 1997 and December 1998. Counties (by that definition) holding more than 45 percent of their cases were (in decreasing order): San Francisco, Alameda, Orange, Riverside, Sonoma, Contra Costa, San Diego, Los Angeles, and Santa Clara. Only one county held between 35 and 45 percent of its cases (Plumas) and only three counties held between 25 and 35 percent of their cases (Fresno, Tulare, Sacramento).
• For recipients who did respond, the returned packet needed to be processed (i.e., eligibility determined) and the new aid code entered.

Most counties reported to CDHS that they began implementing 1931(b) in mid-1999 (about a year after CDHS issued ACWDL 98-43 on September 30, 1998). Counties began reviewing backlogged cases about the same time and took about a year (i.e., well beyond the deadlines given by CDHS in ACWDL 98-43). Small groups of counties had different timelines. Nine counties (mostly the smaller ones) reported that they did not hold discontinued cases at all (Alpine, Humboldt, Inyo, Kern, Kings, San Benito, San Joaquin, Trinity, and Tuolumne). Among those counties that did report holding discontinued cases, six stated that they did not begin implementing 1931(b) until the second half of 2000 (Lassen, Madera, Modoc, Mono, Plumas, and Shasta), and three reported not beginning until 2001 (Mariposa, Mendocino, and Yuba). Finally, five of the counties that implemented 1931(b) during 2000 were still processing their backlogs in the first half of 2001 (Merced and San Francisco) or the second half of 2001 (Alameda, Calaveras, and Riverside). We note, however, that some of these counties reported completing their reviews of backlogged cases much earlier than the dates implied by tabulations of MEDS data. The MEDS data indicate that several counties were still holding large numbers of cases in Edwards/Aid Code 38 (or other codes used to hold CalWORKs discontinuances) – and that these cases had been held for two months or longer – after they reported completing the processing of their backlogs. As of April 23, 2001 (30 months after the initial ACWDL), CDHS was “aware that some counties have not taken steps to implement 1931(b) [and] it is also unclear how and when several counties performed 1931(b) eligibility determinations.”32 These delays had consequences for the state (e.g., the costs of paying excess capitation fees to HMOs), for the counties (e.g., increased administrative costs), and for former CalWORKs recipients (e.g., confusion over enrollment status).

(2) Mail-In Redeterminations

The second significant change in Medi-Cal policy related to CalWORKs leavers concerned mail-in redeterminations. Traditionally, California had required an annual face-to-face recertification interview for Medi-Cal, as it continues to require for cash assistance and Food Stamps.33 That requirement was

32 See also the note in the LAO 1999-00 Budget Analysis, 1999: [http://www.lao.ca.gov/analysis_1999/health_ss/health_ss_anl99.pdf] that as of early 2000: “Los Angeles County indicates that it is rapidly clearing its large backlog of former CalWORKs recipients. Based on preliminary results of this process, the ongoing caseload in Los Angeles County could decline by as much as 80,000 by March 2000.” (pp. C-80-81) Extrapolating to the state as a whole, the LAO estimated that as of early 2000, the Edwards hold was inflating the Medi-Cal caseload by “as much as 150,000.”

33 For cash assistance, such federal requirements were terminated with the 1996 PRWORA legislation, although California maintains the requirement in its CalWORKs program. For Food Stamps, some states interpret the federal
natural when most Medi-Cal recipients also received cash assistance. With the “decoupling” of the two programs, however, the in-person interview was no longer required by federal or state statute. CDHS pilot tested a mail-in redetermination system in five counties (Orange, San Diego, Contra Costa, Sonoma, and Stanislaus) during a six-month period in state fiscal year 1995-1996. That pilot suggested that mail-in redeterminations could “be implemented without adverse effects on county administration of cases or the beneficiaries.”

With the results of the pilot and generic directives from the U.S. Department of Health and Human Services (DHHS) to remove barriers to enrollment in Medi-Cal, CDHS ended the requirement for face-to-face interviews effective July 1, 1999. CDHS explained that this change, “reflects MEB’s [Medi-Cal Eligibility Branch’s] commitment to work with counties to relieve workload, prioritize caseload activities and use staff resources effectively. [C]DHS administrative changes are also consistent with the federal and state governments’ intent to remove barriers to the Medicaid program for the uninsured and working poor.”

Along with the elimination of the in-person interview, CDHS released a simplified version of the redetermination form. This new redetermination form, now named MC 210 RV, includes one page of instructions and three dense pages to be filled in.

(3) Ending Quarterly Status Reporting

A third change to California’s Medi-Cal program involved the frequency with which recipients are required to report their earnings. Traditionally, California had required Medi-Cal recipients to report their earnings quarterly. AB 2877 (2000) abolished this requirement. Thereafter, only an annual mail-in redetermination would be required. At the time of the annual redetermination, a caseworker would estimate a recipient’s income for the forthcoming year based on that recipient’s actual income in the three prior months and projected future income. However, “beneficiaries still have the responsibility to report, within ten days, any information that may affect their Medi-Cal eligibility, such as changes in income, regulations to allow them to waive the in-person requirement in many cases. (See the discussion later in this document.)

---

34 The language is from ACWDL 99-36.
35 See ACWDL 99-36, “Elimination of the Face-to-Face Interview Requirement at Annual Redetermination,” July 16, 1999; note that the ACWDL is dated after the implementation date for the policy.
36 ACWDL 99-36, pp. 3-4.
37 See per CDHS ACWDL 00-64 of January 1, 2001, “Elimination of Quarterly Status Reports”, December 8, 2000. The legislative analysis estimated a fiscal effect of this provision of $65 million. [http://www.leginfo.ca.gov/pub/99-00/bill/asm/ab_2851-2900/ab_2877_cfa_20000616_190017_asm_floor.html] As of this writing, the governor has proposed reimposing the quarterly status reporting requirement.
property, family composition, other health coverage, change of address, etc.” That 10-day reporting requirement is repeated on most NOAs (e.g., at application and at annual redetermination; see Appendix C for a discussion of procedures and forms). In practice, such reports appear to be very rare, except when the report would benefit the recipient. It is noteworthy that California retained quarterly reporting for recipients of the Transitional Medi-Cal program (see below).

(4) Expanding Transitional Medi-Cal

A fourth significant change to California’s Medi-Cal program expanded the state’s Transitional Medi-Cal program (TMC). As of the mid-1990s, California had in place the conventional one-year TMC program. Any leaver who reported income in three of the last six months on CalWORKs qualified for six months of TMC, and those with income below 185 percent of the FPL received an additional six months of TMC.

In the mid-1990s, California made several unsuccessful attempts to obtain a federal waiver (and thus partial or complete federal funding) to provide a second year of TMC. Finally, in 1998, the state legislature passed a bill (AB 2780) to provide a second year of TMC with state-only funding. Effective October 1, 1998, the program was implemented for adults only, a significant expansion to their Medi-Cal

---

38 ACWDL 00-64.

39 The regulatory materials on TMC are non-trivial. They include the following:

- DHS ACWDL 98-56 “Second Year of Transitional Medi-Cal and Related Aid Codes”, December 2, 1998. (Second year TMC effective October 1, 1998; two months before the ACWDL was issued; Edwards code used in the interim).

Announcing that ACWDL 98-54 pamphlets were no longer available and the toll-free number was being disconnected, but TMC flyer and form MC 325 continues.

40 See the discussion in the LAO Analysis of the Health and Social Services Budget for 1998-99. [http://www.lao.ca.gov/analysis_1998/health_ss_depts1_anl98.html] The 1996-97 budget trailer bill for health services (AB 3483, Friedman) and the 1997-98 budget trailer bill for health (SB 391, Solis) instructed CDHS to apply for a federal waiver for a second year of TMC. The state’s initial waiver request was rejected by the federal DHHS in July of 1997 because California’s request did not meet the federal requirement to be cost neutral.

coverage. Children were assumed to be eligible for some other Medi-Cal program or for the Healthy Families program.

(5) Requiring Ex Parte Reviews

The fifth key change to California’s Medi-Cal program echoed federal policy and was meant to avoid burdensome paperwork requirements thought to deter CalWORKs leavers from participating in Medi-Cal. As we noted earlier, the complicated implementation of 1931(b) led to large backlogs of cases that had exited CalWORKs, but were still entitled to Medi-Cal. By 2000, counties had worked through most of their backlogged cases and were placing CalWORKs leavers in the Edwards/Aid Code 38 for one to two months. During that time, county staff mailed the “held” cases “Edwards Packets” (MC 210E). To retain Medi-Cal, the head of household had to complete and return a rather complicated form. The form collected information sufficient to verify that, no matter why a family left CalWORKs, the family remained eligible for Medi-Cal. If a leaver failed to complete and return the form, his or her family would be dropped from Medi-Cal. Advocates at the federal and state level plausibly argued that this requirement caused some of the observed decline in Medi-Cal take-up rates.

To address this concern, the legislature passed SB 87 (introduced by State Representative Escutia), which mandated the procedures (we have been describing in this chapter) to ensure CalWORKs leavers continued to be enrolled in Medi-Cal. Table 2.4 shows the implementation timeline for SB 87.

The key change was known as “ex parte” Latin for “for one party”. In this context, ex parte requires that—rather than contacting the client and requiring them to provide information again, the county welfare department is to use what information it already has to make an eligibility determination. Furthermore, the change specified rules to use when the available information is incomplete.

---

42 Although state statute made the program effective on October 1, 1998, the “aid codes” were not implemented until December 1, 1998. In the interim, counties were instructed to use Aid Code 38 (Edwards) and then to manually adjust the eligibility computations. Note that – as would be true later for 1931(b) – the controlling December 2, 1998, ACWDL appeared two months after the implementation date and one day after the Aid Codes were available.

43 The Healthy Families (HF) initiative (California’s Child Health Insurance Program, or CHIP) was created by the federal Balanced Budget Act of 1997. It offers coverage to all children under age 19 in families below 250 percent of the FPL ($36,576 in 2002 for a family of three) who are not eligible for Medi-Cal. Monthly premiums range from $4 to $9 per child, with a maximum of $27. The HF program is administered by the Managed Risk Medical Insurance Board (MRMIB). In January 2002, the federal government approved California’s request for a waiver to cover the parents of children in HF. As of the summer of 2002, California has not put that program into place. For more information on HF, see the HF homepage [http://www.healthyfamilies.ca.gov/], the HF program information page on the CDHS website [http://www.dhs.ca.gov/HealthyFamilies/], and ACWDL 98-56.

44 See however, Cox and Klerman (2002), who note that take-up was not that low, partially because in the absence of 1931(b) regulations, many cases were held in Edwards/Aid Code 38.
The official materials described the new policy as follows:

“[T]he county shall make a Medi-Cal eligibility determination without the involvement of the beneficiary by use of the ex parte process when a change of circumstances affecting Medi-Cal eligibility occurs. The determination shall be based on information/verification contained in open public assistance (PA) case records of the individual and their immediate family members and/or case records that have been closed within the last forty-five (45) days. In addition, information/verification available through county accessible systems such as Income Eligibility Verification System, Systematic Alien Verification for Entitlement System, Employment Development Department/State Disability Insurance, State Data Exchange, and Beneficiary Data Exchange shall be accepted and used in determining eligibility.

Since PA programs require regular redeterminations/recertifications of eligibility and prompt reporting of changes in circumstance by the beneficiary, information/verifications available from these programs shall be used in determining Medi-Cal-Only eligibility, as long as it was obtained within the last twelve (12) months, not subject to change and relevant to the eligibility determination.”

Table 2.4
SB 87 Implementation Timeline

<table>
<thead>
<tr>
<th>Date</th>
<th>Document Number</th>
<th>Title</th>
</tr>
</thead>
<tbody>
<tr>
<td>September 30, 2000</td>
<td>SB 87 (Escutia) chaptered</td>
<td>SB 87 (Escutia) chaptered</td>
</tr>
<tr>
<td>February 27, 2001</td>
<td>CDHS ACWDL 01-17</td>
<td>Senate Bill (SB) 87 Changes to the Medi-Cal Notices of Action (NOA)</td>
</tr>
<tr>
<td>June 19, 2001</td>
<td>CDHS ACWDL 01-36</td>
<td>Medi-Cal Eligibility Determination Process REF: All County Welfare Directors Letter No. 01-17</td>
</tr>
<tr>
<td>July 1, 2001</td>
<td></td>
<td>SB 87 effective</td>
</tr>
<tr>
<td>January 3, 2002</td>
<td>CDHS ACWDL 02-02</td>
<td>Camera-ready Copies of Notices of Action Affected By Senate Bill (SB) 87</td>
</tr>
<tr>
<td>January 28, 2002</td>
<td>CDSS ACIN I-08-02</td>
<td>Revised CalWORKs NOA Messages and NA Forms Affected by Senate Bill (SB) 87</td>
</tr>
<tr>
<td>March 26, 2002</td>
<td>CDHS ACWDL 02-19</td>
<td>New and Revised Camera-Ready Copies of Notices of Action Affected by Senate Bill (SB) 87</td>
</tr>
</tbody>
</table>

45 CDHS ACWDL 01-36.
Because our focus is on CalWORKs leavers, the necessary information will be found in “…public assistance (PA) case record[s] . . .that have been closed within the last forty-five (45) days.” Thus, most leavers should be continued in 1931(b) through *ex parte* reviews – that is, using information already contained in case files at the county welfare offices. When additional information is needed a new form is to be used (MC 355).

Here, we make only two additional observations. First, as shown in Table 2.4, CDHS’s initial instructions to implement SB 87 were not issued until June 19, 2001.46 This is less than two weeks before the statutory effective date of July 1, 2001 – certainly too late for counties to update their computer systems or properly train their caseworkers. Furthermore as ACWDL 01-36 noted, SB 87 required “notification of all cases being discontinued from CalWORKs to include specific information about the continuance of Medi-Cal benefits.” As of June 19, 2001, the ACWDL stated that CDHS and CDSS “are working together on the development of this notification.”47

Second, a letter from the federal Health Care Financing Administration (HCFA) to state Medicaid Directors [IS THIS RIGHT??], dated April 7, 2000, explicitly required *ex parte* reviews.48 Clearly, HCFA expected that any states (including California) that had not yet implemented *ex parte* reviews would do so promptly and without the need for additional state legislation. Furthermore, if *ex parte* reviews had not yet been implemented, HCFA’s letter required a retrospective redetermination of all terminated cases. In other words, earlier cases that had been processed without *ex parte* reviews and terminated from Medicaid were presumed to have been terminated erroneously. Finally, HCFA required this retrospective review for all TANF leavers back to the date DHHS approved a state’s TANF Plan.49 However, our fieldwork suggests that CDHS did not give counties regulations to implement *ex parte* review procedures until the spring of 2001. At least until then, CWDs continued to use the old Edwards [Aid Code 38] procedures, even when they had in hand sufficient information to do an *ex parte* review.

**DIFFERENCES BETWEEN THE FOOD STAMP AND MEDI-CAL PROGRAMS**

In this chapter, we noted that both the Food Stamp and Medi-Cal programs are administered by the states (and in California, by the CWDs) and provide benefits to CalWORKs recipients and CalWORKs recipients.

46 See ACWDL 01-36, “Medi-Cal Eligibility Determination Process.”
47 ACWDL 01-36.
48 On the HCFA letter, see Schott (2000), who claims that the *ex parte* review requirement was initially stated in the context of terminations from Supplemental Security Income (SSI) in a pair of letters dated February 2, 1997, and April 22, 1997, and that that *ex parte* review also applied to TANF terminations.
49 Schott explicitly states that the requirement should be from the approval of the initial TANF Plan.
leavers. However, the two programs differ in several ways that are relevant to the following chapters. First, there is a difference in funding and control over design. For the Food Stamp Program, the federal government funds all of the benefits and half of the administrative costs. Consequently, the federal government specifies most of the program rules. For the Medicaid program, California pays half of all benefit and administrative costs, and has considerably more discretion in designing its program, called Medi-Cal.

Second, while the Food Stamp Program has one set of rules and benefits that are scaled simply to household size and income, the Medi-Cal program includes multiple program options for enrolling different target populations, each with its own particular eligibility rules. Thus, determining eligibility for Medi-Cal is far more complicated.

Third, while California’s Food Stamp program has been relatively stable over the last decade, California’s Medi-Cal program has evolved rapidly since the introduction of TANF and CalWORKs. These changes have made Medi-Cal both more valuable and more accessible to CalWORKs leavers, but they have also considerably complicated the task of administering the program.

Finally, at the state level the two programs are administered by different agencies and have different operating philosophies. The state’s current Food Stamp philosophy is focused on reducing administrative errors and avoiding federal fiscal sanctions. When states err in administering the Food Stamp program, they are misspending federal funds. As a result, the federal government imposes a strong quality control (QC) system and states can incur sizable fiscal penalties when their error rates are too high. Because California’s Food Stamp error rates have been very high and the state is at risk of steep federal fiscal sanctions, the state has emphasized QC and error minimization to a greater extent than efforts to increase CalWORKs leavers’ participation in the Food Stamp program.

By contrast, the philosophy of the Medi-Cal program is more focused on providing coverage to recipients. That philosophy is captured concisely by a statement reflecting both the letter and spirit of recent California legislation (SB 87):

“The goal of the Department of Health Services (DHS) is to continue to remove barriers, improve access to health care, and simplify the application and retention process of health benefits for eligible persons. The Medi-Cal program is designed to provide comprehensive

---

50 California’s Department of Health Services (CDHS) is the single state agency responsible for the administration of the Medi-Cal program. County welfare departments perform eligibility determinations based upon policies and directions from CDHS.

51 See the discussion of ACIN I-57-00, “Continuing Food Stamp Benefits,” June 20, 2000, and other similar efforts in the next chapter.
health, dental and vision benefits to eligible Californians. To accomplish this goal, it is imperative that counties encourage and assist families to enroll in the Medi-Cal program and retain eligibility.\textsuperscript{52}

Consistent with this philosophy, Medi-Cal’s procedures reduce the administrative burden on recipients and make it much easier for CalWORKs leavers to remain enrolled in the Medi-Cal program than in the Food Stamp program.\textsuperscript{53}

In explaining this divergence between Food Stamps and Medi-Cal, one senior county official said: “Follow the money.” She then explained that enrolling families in Medi-Cal not only improves the families’ health, it also saves the counties money. If these families were not enrolled in Medi-Cal and required medical care, the counties would have to provide whatever health care was provided to this population at local county-operate hospitals with (unreimbursed) county funds. By contrast, extending Food Stamp benefits helps recipients, but does not provide a direct financial benefit to the counties.\textsuperscript{54}

Fossett and Gais (2002) provide an additional explanation for the differences between Food Stamps and Medi-Cal. They note that Medicaid/Medi-Cal has a strong professional lobby – doctors, nurses, and hospitals. That lobby advocates both for public funding. It does so for two reasons. The first reason is altruistic; health professionals care about the health of the state’s low-income patients with whom they interact regularly. The second reason is more subtle. Medical professionals and hospitals have (some) professional obligation to treat the sick regardless of their ability to pay. If the patient is eligible for Medi-Cal, the professional or hospital can enroll them when providing services and be paid for the services provided. If the patient is ineligible, the care is “uncompensated”; i.e., the professional or hospital is not paid. Thus expanding Medi-Cal increases demand for medical services and provides reimbursement for some care that would be provided anyway—but without payment. This second reason provides a strong financial incentive for medical professionals and hospitals to advocate for expanding Medi-Cal. Retail food stores are not as well organized and they have no obligation to provide food, so they have less to gain from subsidy programs.\textsuperscript{55}

\begin{itemize}
\item \textsuperscript{52} DHS ACWDL 01-17, “Medi-Cal Eligibility Determination Process,” June 19, 2001.
\item \textsuperscript{53} It should be noted that the LAO’s remarks suggest some possibility that, relative to the controlling statute, CDHS is overly aggressive in the expansion of coverage. (See LAO’s 1999-00 Budget Analysis [http://www.lao.ca.gov/analysis_1999/health_ss/health_ss_anl99.pdf] at p. 44 and the following discussion: “The department has adopted income limits for Section 1931(b) Medi-Cal eligibility significantly higher than necessary to meet the Legislature’s mandate to cover California Work Opportunities and Responsibility to Kids recipients.”)
\item \textsuperscript{54} Although there are health consequences to poor or low nutrition, food insecurity does not require the direct outlay of county funds that (often emergency) health care does.
\item \textsuperscript{55} At the national level, it is often argued (see Fossett and Gais, 2002) that farmers are powerful and that this explains the provision of “Food Stamps” rather than cash.
\end{itemize}
In the next chapter, we describe how CalWORKs leavers retain Food Stamps and Medi-Cal, given these differences between the two programs.
3. HOW CALWORKS LEAVERS RETAIN FOOD STAMPS AND MEDI-CAL

Having described the Food Stamp and Medi-Cal programs in the previous chapter, in this chapter we describe the procedures by which the county welfare departments (CWDs) enroll former CalWORKs recipients (i.e., “welfare leavers”) in the Food Stamp and Medi-Cal programs. Specifically, we review how counties: (1) inform recipients of their continued eligibility, both while they receive CalWORKs and after they leave, (2) initially enroll leavers after they exit CalWORKs, and (3) handle leavers’ ongoing enrollment.

In considering the relevant county procedures, it is crucial to understand that, in most cases, leaving cash assistance is a passive act. (See Appendix C for a detailed discussion of these issues.) Families rarely notify the CWDs that they are leaving CalWORKs; rather they simply do not file their required Monthly Status Reports (CW 7). Thus, the county caseworker often does not know a recipient’s true reason for leaving CalWORKs (e.g., a move out of state, increased income, change in family structure) or even that a purposeful exit has definitely occurred.

This lack of information poses two operational challenges. First, there is no natural opportunity for caseworkers to inform CalWORKs leavers of their eligibility for Food Stamps and Medi-Cal after they exit cash aid. There is no "exit interview." While they are receiving CalWORKs benefits, recipients do not need the information. Once they leave, however, county officials lose contact with them. Second, leavers’ decisions about continued eligibility for Food Stamps and Medi-Cal, or even the decision to collect more information to allow a decision, appear to be made in relative ignorance. If former CalWORKs recipients do not know they remain eligible for these benefits, they are unlikely to apply after they leave cash aid, leading to low take-up rates. It is more difficult and costly for the state and county agencies to reach and inform eligible households after they’ve exited CalWORKs.

INFORMING RECIPIENTS ABOUT CONTINUED FOOD STAMPS AND MEDI-CAL

As we noted in Chapter 1, there are two good reasons for improving current CalWORKs recipients’ understanding of the Food Stamp and Medi-Cal benefits available to them when they leave cash aid. First, if recipients know about these non-time-limited programs while still receiving CalWORKs benefits, they are more likely to enroll after they exit cash aid. Obtaining nutritional assistance and health coverage will likely increase these low-income households’ well-being. Second, welfare reform proponents believed that recipients would be more likely to exit cash aid for employment if they knew they could augment their low wages with continued access to health care and nutrition subsidies. However, current
CalWORKs recipients must first be aware of their continued eligibility for Medi-Cal and Food Stamp benefits, and how to access them, if their rates of CalWORKs exit and/or well being are to rise.

How Counties Inform CalWORKs Recipients of Their Eligibility for Food Stamps and Medi-Cal

County staff stated that recipients are told about the benefits available to them after leaving CalWORKs in an initial video, in an initial face-to-face meeting, at orientation, at application, every 12 months at recertification, and in required monthly contacts with their caseworkers. Similarly, state agencies also inform all current CalWORKs recipients about their eligibility for these programs. With respect to Medi-Cal, in mid-1999, CDHS mailed all current CalWORKs recipients a notice that stated:

“HEALTH COVERAGE IS IMPORTANT FOR YOU AND YOUR FAMILY

Your health coverage may continue when your CalWORKs cash aid stops.

- Depending on the reason your cash aid stops, you and your child(ren) may be eligible for continued no-cost or low-cost health coverage under the Medi-Cal or Healthy Families programs.
- Tell the county if you want health coverage after your cash aid stops”.

Many counties continue to distribute an updated version of this form (PA 848 5/00) at application for cash assistance.

Similar information is distributed to recipients with the annual CalWORKs redetermination packet. For example (as of December 12, 2002), Los Angeles County’s packet includes a Work Pays notice similar to the state form. It includes the statement:

“Transitional Medi-Cal (TMC)

You may get Medi-Cal for up to 12 months if you go off cash aid because you are working. Your family must have gotten cash aid for at least three of the last six months of cash assistance, your income must be under certain limits and you must meet TMC reporting rules.”

It is worth noting that none of these notices mention Food Stamps. Note also that the information about Medi-Cal is out of date, in that it explicitly describes TMC, rather than the massively more commonly used 1931(b) program. Finally, the notice fails to mention the second year of TMC.

Since before CalWORKs, state legislation (SB 391) has mandated similar mailings to recipients about TMC, beginning when Medi-Cal is first conferred (including enrollment in CalWORKs), every six months thereafter, and when cases are terminated from CalWORKs or 1931(b) for failure to meet reporting requirements. CDHS satisfies the every-six-month requirement with a separate mailing of the CW 103 Form (see Figure 3.1)\(^{57}\) to all CalWORKs and 1931(b) recipients.\(^{58}\)

\(^{57}\) We note that while the information in this mailing is technically correct, in practice, it is misleading. The TMC program has always been small, even among CalWORKs leavers. As we discuss below, with the establishment of the 1931(b) provisions, TMC has shrunk even more. Currently, most CalWORKs leavers qualify for, and are enrolled in, 1931(b). Unlike TMC, 1931(b) does not require earned income. Thus, if the intention of this notice is to inform potential and actual leavers of their eligibility for Medi-Cal, the terms of the 1931(b) provision should be noted explicitly. Furthermore, at least one county reported that recipients found the form confusing. While the form is to be filled out only if the recipient wants to request TMC, Orange County staff reported that many recipients assume it is a mandatory form and fill it out, checking all the boxes. Finally, we note that the form does not mention Food Stamps or other transitional benefits.

\(^{58}\) On informing notices for TMC, see:

- CDHS ACWDL 02-31 “Transitional Medi-Cal Informational Pamphlet/Post Card,” June 6, 2002. Announcing that ACWDL 98-54 pamphlets were no longer available and the toll-free number was being disconnected, but TMC flyer and form MC 325 continues.
TRANSITIONAL MEDI-CAL (TMC)

TMC May Provide You and Your Family with FREE Continued Medical Coverage For Up To 12 Months. Adults May Get TMC For Up To 24 Months.

If you:
- Get a job, or
- Get more money from your job, or
- Get child or spousal support,

tell your worker right away or complete the back of this form and mail it to your worker. You may still be eligible for no-cost Medi-Cal. Your worker will determine whether your Medi-Cal health coverage can continue.

Health care is important for you and your family. Receiving Medi-Cal does not affect your CalWORKs time limits.

Figure 3.1—CW 103 Transitional Medi-Cal Notice
Similarly, the “Medi-Cal Request for Information” states explicitly that:

- “Even if you are employed, you may be eligible to receive Medi-Cal benefits.
- You do not have to receive CalWORKs cash aid to receive Medi-Cal benefits.
- Receipt of Medi-Cal benefits does not count against any CalWORKs time limits.”

For Food Stamps, since June of 2000, the California Department of Social Services (CDSS) provides a brochure to be included with CalWORKs discontinuance NOAs and in other places. (See Figure 3.2; see also the discussion of discontinuance in Appendix C.) In its information notice to the counties, CDSS explained the need for the notice as follows:

“The California Department of Social Services CDSS is concerned that new welfare reform policy innovations in CalWORKs could inadvertently result in diminished access to nutrition assistance for those who still need assistance. In a recent telephone survey that contacted persons who had left the CalWORKs cash aid program, and had not returned, only 17 percent had received Food Stamps for some period of time after leaving CalWORKs.

“The Food Stamp Program (FSP) can serve a vital role in helping families move toward self sufficiency. To ensure that uninterrupted access to food stamp benefits is available to low-income households leaving the welfare rolls, county procedures should be reviewed to make certain that the food stamp portion of a public assistance case is not automatically or inadvertently discontinued if CalWORKs is discontinued.

“The decline in FSP participation may be due to a lack of understanding on the part of recipients and counties regarding continuing eligibility for the program. In accordance with MPP 63-504.123(b), when a household’s CalWORKs eligibility is terminated the same food stamp certification period is retained and benefits should continue unless there has been a change in circumstances that affects the food stamp allotment. It is essential that counties review their procedures, including automation systems, to confirm that they are complying with state and federal requirements in this regard, and to ensure eligible working poor families receive information regarding the continuation of food stamp benefits after leaving the cash assistance rolls.

“The fact that families are moving out of CalWORKs due to employment and believing incorrectly that they are no longer eligible for Food Stamp benefits is particularly troubling since food stamps, coupled with Medi-Cal benefits, can be a critical work support for newly employed CalWORKs families. CDSS soon will identify discontinued CalWORKs cases and those that are not receiving FS benefits. We are eager to discuss with you ways in which this type of data could be used to assess FS access in counties.

“If families leaving CalWORKs understand they can work and still be eligible to FS benefits, we can improve access for these eligible low-income households. We have prepared a flyer for counties to copy and include with CalWORKs discontinuance notices of

59 CDHS form MC 355, 5/01.
60 ACIN I-57-00, “Continuing Food Stamp Benefits,” June 20, 2000.
action or any other way the counties would like to use it. This flyer will help anyone leaving CalWORKs to understand that they could still be eligible for Food Stamp benefits.”

This notice references several issues related to the process of continuing enrollment. First, by reporting the results of the survey of CalWORKs leavers, it reveals the concern over low take-up rates. Second, it demonstrates the programmatic intent of continuing support after people leave cash aid by describing the importance of Food Stamps in the transition to self-sufficiency. Third, it addresses confusion about eligibility requirements among both CWDs and recipients. Fourth, it acknowledges the importance of updating computer systems to ensure continued enrollment. Finally, the flyer CDSS introduced with this ACIN demonstrates some coordination between the Food Stamp and Medi-Cal programs by mentioning the possibility of TMC benefits; nevertheless, as with the Medi-Cal notices, the information is misleading because it fails to mention the 1931(b) provisions.
GOT A JOB?

No longer eligible for CalWORKs?
You may still be eligible for Food Stamps

Did you know
You can work and still receive food stamps?

FOOD STAMPS IS A NUTRITIONAL PROGRAM FOR PEOPLE WITH LOW INCOME

Ask your Eligibility Worker

There may be other benefits to help you as you move from welfare to work such as:

- Surplus Food Items
- Additional Employment Services
- Earned Income Tax Credit
- Child Support Information
- Child Care
- Transitional Medi-Cal

Your county may have even more services available to help you

Figure 3.2—ACIN I-57-00 Food Stamp Flyer
In addition to this notice, the state provides information to persons applying or reapplying for Food Stamp benefits. These two- and three-page documents (FS 9 and FS 22) conclude with information about continued eligibility. FS 9 states:

“How do I get food stamps when I am denied or no longer getting cash aid?
If you applied for both cash aid and food stamps but are denied cash aid, you do not have to complete a new application to apply for food stamps. Your initial application will still be processed. When you stop getting cash aid, you may still be able to get food stamps. Check with your worker.”

FS 22 states:

“What happens if I no longer receive CalWORKs?
If you stop getting CalWORKs, you may still be able to get food stamp benefits. Food stamp benefits can help your family as you make the transition from welfare to work, so be sure to check with your worker about whether you can continue.”

Asked about the success of these efforts, state officials noted that recipients are overburdened with information. It is for this reason these notices are in writing – for recipients’ later reference.

Other forms are inconsistent in how they provide this information about Food Stamps and Medi-Cal to CalWORKs leavers. The “Monthly Eligibility Report” (CW 7) is designed, in part, to allow recipients to “stop benefits.” The official instructions (CW 7A) included in the application packet explicitly note that some benefits continue after cash assistance ends:

“If you choose to go off cash aid, tell your worker the reason
you are stopping your cash aid. Here’s why:

- After your cash aid stops, you and your child(ren) still may be eligible for Food Stamp benefits even if you are now employed. Contact your worker for more information.
- You and/or your child(ren) may be eligible for continued no cost health coverage depending on the reasons your cash aid stops and/or other facts in your case.
- You and/or your child(ren) may be eligible for no cost health coverage under the Transitional Medi-Cal program (TMC) if you go off cash aid because your earnings went up. Your family must have gotten cash aid for at least three of the last six months before cash aid stopped. You may also be eligible for TMC if your cash aid stops because you get married or your spouse returns to the home.”

62 This is the CW 7A text on the CDSS website as of July 2003. CDSS has noted that the final line refers to the welfare program which has lapsed.
In contrast, the CW 2184 “CalWORKs 60-Month Time Limit,” included with application and renewal packets, is specifically intended to encourage families to “bank” their months of eligibility. It includes the note:

**“Choosing to Leave Cash Aid**
If your family is receiving a monthly cash grant that is a small amount, you may choose to decline the grant and leave cash aid so that the months will not count toward your CalWORKs 60-month time limit. This will save you some months for cash aid in the future. You should contact your worker to find out more information about leaving cash aid and if it will be beneficial to you.”

This notice seems like a natural place to mention other benefits available to leavers, in particular, Food Stamps and Medi-Cal, but neither program is mentioned.

At the local level, most counties report that applicants are informed that they might be eligible for Food Stamps and Medi-Cal whether or not they enroll in CalWORKs. The counties also report informing recipients that they will be eligible for the two programs if they enroll in CalWORKs and might still be eligible when they leave. For example, Sacramento County’s “Welfare-to-Work Handbook” given to all new recipients includes the following text on its last page:

“*There are many programs and benefits to help you as you move from cash aid to self-supporting work. Some benefits you may still be able to get after you no longer receive cash aid include:*

- Medi-Cal for your children
- Food Stamps for your household
- Child care (for up to 24 months)
- Job retention services (for up to 12 months).”

Similarly, Los Angeles County’s four-page booklet, “*CalWORKs—What Does It Mean to You and Your Family?*” provided at application, states:

“*We’re ready to help you before, during, and after you begin work.* Staff in our CalWORKs offices can give you information about programs and services and help you find your first job, work towards a better one, and move on to financial independence. Even after you earn enough that you no longer qualify for cash aid, you may be eligible to receive Medi-Cal for up to one year and continuing child care for up to two years.\(^{64}\)

\(^{63}\) SC 246.245HB. It is unclear why the Medi-Cal language is for children only. As discussed in Chapter 2, Medi-Cal is almost always available to the parents as well. After reviewing (approximately May 2003) a draft of this report, Sacramento County revised this document to read “Medicaid for your family.”

\(^{64}\) Note again, that this information (in the materials provided November 26, 2002) is incomplete and out-of-date. There is no mention of continuing Food Stamps and the Medi-Cal reference is implicitly to TMC (and only for one year). In fact (as noted in Chapter 2), for most CalWORKs leavers, 1931(b) eligibility is likely to continue for years, and TMC is available to adults for at least two years.
Continuing access to Food Stamps and Medi-Cal becomes most salient as a family leaves CalWORKs. Toward this end, the NOAs terminating cash assistance are explicit that Food Stamps and Medi-Cal may continue. (See the discussion and exact language in Appendix C.).

NOAs are notoriously non-user friendly, including those sent when people leave cash assistance. They tend to be filled with legal jargon and technical terms. Los Angeles County has instituted a special phone follow-up program. A special team of county workers attempts to call each leaver within 30 days of CalWORKs exit. Calls occur in the evenings until 9 p.m. During the call, the adult is informed that the family remains covered by Medi-Cal and that if he or she continues to file CW 7s the family can continue to receive Food Stamps. The county worker’s script states:

“(M)any families who were terminated from CalWORKs are not aware/don’t know that they may continue to receive Medi-Cal or Food Stamps benefits.”

For leavers who are aware of the possibility of continuing eligibility, the script continues:

“We’re calling to make sure that your family receives all benefits they are eligible for. To continue receiving health and nutrition benefits, you must complete the Quarterly Status Report (QSR) and the Redetermination Form (MC 210) mailed to you. Also, if you are receiving Food Stamps you must also complete the CW 7 Monthly Report form each month and report all income and household changes.”

The county worker then verifies the current mailing address and reminds the leaver to notify the CWD of any change in address.

For leavers who are unaware of the possibility of continued eligibility, the script and instructions continue:

“Do you have the time for me to get a printout of your case information? It will only take a few minutes. If they don’t have time, set up an appointment to call back and complete a PA 26-2 reminder.

“If they have time then get the printout and verify their case status. If they are eligible then let them know that they can continue visiting their health plan providers. Then explain the reporting responsibilities. Encourage them to take advantage of on-going health and nutrition benefits. If the participant asks questions about their Food Stamps then make the appropriate eligibility referrals.

“Also, explain to the participant the importance of keeping in contact with their Eligibility Worker or other Agency Representative and again remind them to submit their Quarterly Status Report (QSR), the Redetermination Form (MC 210) and any required Agency forms timely.”
“Be sure to let them know that an Agency Representative can assist them in completing these forms and ensure that they have their EW’s telephone number and/or the toll-free numbers for the Health & Nutrition Hotline.

“If the participant has problems with their Health Plan, then give them the toll-free telephone number to the Health Care Option Hotline (800-430-4263) and encourage the participant to report any future problems.

“Before ending the call, ask the participant if they have any questions. If not, thank them for allowing us (the Department) the opportunity to provide them with excellent customer service.”

Los Angeles County officials describe the program as “very successful” and explain that some such program is needed given the extremely high caseloads Medi-Cal and Food Stamp workers handle (1,200 and 900, respectively). The individual workers are simply too busy to do such outreach.

ENROLLING IN THE FOOD STAMP PROGRAM AFTER LEAVING CALWORKS

Efforts to inform recipients of their continued eligibility for Food Stamps and Medi-Cal are followed by procedures to enroll eligible leavers who apply in the two programs. Initial enrollment in Food Stamps after leaving CalWORKs involves converting the case from Public Assistance Food Stamps (PAFS) to Non-Assistance Food Stamps (NAFS). Thereafter, ongoing enrollment involves demonstrating continued eligibility. We discuss enrollment in Medi-Cal in the next section.

Initial Enrollment in Food Stamps for CalWORKs Leavers

From the recipient’s perspective, initial enrollment in Food Stamps after leaving CalWORKs is straightforward. When people leave CalWORKs, state regulations require counties to determine the recipients’ continued eligibility for Food Stamps and to enroll them if they remain eligible. State officials assured us without reservation that counties comply with this requirement. In practice, this means that if a case files a CW 7 that indicates family income above the CalWORKs limit, the family will be evaluated for continued eligibility for Food Stamps.

As is the case with CalWORKs, Food Stamp recipients are required to submit a “Monthly Eligibility Report” (the CA 7/CW 7/SAWS 7 form; see Appendix C for the form and more detail on the procedures). Food Stamps will continue only as long as recipients file complete CW 7 forms each month. In addition, the recipients’ reported income must be below the Food Stamp limits. (See the discussion in Chapter 2.) Thus, for a family leaving CalWORKs with income low enough to continue qualifying for Food Stamps, Food Stamps should continue without any additional effort by the recipient, beyond filing the monthly CW7 form.
From the CWD’s standpoint, initially enrolling a CalWORKs leaver in Food Stamps is slightly more complicated. When the eligibility worker (EW) receives a CW 7 that indicates income above the CalWORKs limit but below the Food Stamp limit, the EW puts the CalWORKs case in “suspense” for a month. The CalWORKs case is not closed, and Food Stamps continue to be based on the (higher) reported income. If income remains above the cash assistance threshold for a second month, the CalWORKs case is terminated and the PAFS case is converted to a NAFS case. Interviews with county staff suggest that this conversion – changing computer entries, creating a hard copy file, copying the relevant paper work, and sending the CalWORKs record to storage – takes two hours of a caseworker’s time. In some of the counties we visited, the conversion from PAFS to NAFS also transfers the case to a different worker (Butte, Los Angeles, Orange, and San Diego, but not Sacramento; see Appendix B).

In principle, the recipient should not have to appear in person to convert from PAFS to NAFS. However, at least in one of the counties we visited – San Diego County – two circumstances generate a requirement for an in-person visit. First, San Diego’s Electronic Benefit Transfer (EBT) system is linked to the case. When the old PAFS case is closed, a new NAFS case is opened, and the old EBT card (an ATM-like card) is no longer valid. As a result, the recipient must come into the office to pick up a new EBT card and choose a new Personal Identification Number (PIN). This is in contrast to the Medi-Cal card (Benefits Identification Card, or BIC) for which the terminating Notice of Action (NOA, e.g., CDS 061-2: “Discontinuance—Failure to Complete Redetermination” or MC 239—“Discontinuance—Lack of Contact”) explicitly states the following:

> People who are eligible for Medi-Cal benefits have received a plastic-benefit identification card (BIC) in the mail. Do not throw away the plastic ID card. You can use it again if you become eligible for Medi-Cal in the near future.

This appears to be a special San Diego requirement related to their older EBT system. Other counties did not mention this requirement. Second, San Diego County requires a new set of fingerprints for the new case. (Fingerprints are required of all recipients at initial enrollment.)  

---

65 San Diego County explained that fingerprinting for cases transitioning from PAFS to NAFS was a county policy decision:

> “The Statewide Fingerprint Imaging System (SFIS) records fingerprints to specific case numbers across the state. Because the entries on SFIS are Family Budget Unit (FBU) specific, when a PAFS to NAFS conversion occurs, it is necessary to associate the 01 FBU to the fingerprints. There are two ways that this can be accomplished:

1. To have the client re-fingerprint imaged under the new case number and FBU, or
The preceding discussion considers the simplest exit from CalWORKs – a recipient submits a CW 7 that shows income above the CalWORKs income limit, but below the Food Stamp limit. This form of exit appears to be uncommon. The more common form of exit is failure to file a CW 7. CalWORKs requires that recipients file a CW 7 every month. Failure to file a CW 7 is, itself, grounds for terminating CalWORKs. If no CW 7 is received, a Notice of Action (NOA 960X) is mailed to the recipient and the case is terminated. (See the discussion of the termination process in Appendix C.)

For this more common form of termination of the CalWORKs case, the caseworker does not have any information with which to determine continued eligibility, so the case will be terminated. Effective outreach would require county staff to contact recipients who fail to file the CW 7 and to verify that they are either income-ineligible for Food Stamps or do not want to continue receiving Food Stamps. By state law, such contacts are required for Medi-Cal, but not for Food Stamps.

Yet another possibility is that recipients request that their cash assistance be terminated (for example, to preserve months of time-limited CalWORKs eligibility or to avoid the WTW requirements). As noted above, all things equal, when a recipient requests that cash assistance be terminated, the Food Stamp benefit will increase somewhat – to offset, in part, the loss of CalWORKs cash assistance. In that case, if

2. To have the clerk go in the system and add a new case number and FBU to be associated with the prints (no client presence required).
   The second option was undesirable because we did not want to authorize clerks to add any case number to a set of prints. It was an internal security issue. As you know, this county has had a history of major embezzlement cases including clerical involvement. Other counties are not as concerned regarding employee fraud and take fewer precautions.
   One other issue: For desk audit purposes, each case must stand alone on its documentation. We wanted a copy of the SFIS match report with the new case number on it. The only way to print such a report does require the client to be re-fingerprint imaged.”

It is not obvious that the MPP’s language supports the County’s practice. MPP 63-601.12 is the basic fingerprinting requirement:

“The CWD shall be required to obtain fingerprint images and a photo image of each eligible household member using SFIS equipment, as specified in Section 63-505.14, unless that member meets one or more of the following exemptions.”

Then, 63-601.124 states an exception for cases opened not in person.

“The household is certified by an out-of-office interview, as specified in Section 63-300.4. However, the CWD should attempt to obtain the fingerprint images and photo images when the household member(s) is in the office for any reason. The CWD shall not require the household member to make a special trip into the office solely for the purpose of SFIS compliance.”

But the County already has fingerprints and photos on file for this person. So, this is difficult to understand.
the recipient continues to file CW 7s, Food Stamp benefits will continue as a NAFS case (as long as the household’s income is below the Food Stamp limit).

**Ongoing Enrollment in Food Stamps for CalWORKs Leavers**

To continue receiving Food Stamps beyond this initial transition, recipients must satisfy two requirements. First, they must continue to file the monthly CW 7, as described above. Failure to file in any month will result in the NOA and subsequent termination.

Second, recipients must meet annually and in person with their caseworkers. Approximately 45 days before the end of the 12-month certification period, the CWD sends out the Notice of End of Certification (NEC). If the recipient does not reply, a 10-day termination notice is sent. Failure to respond within the 10-day window results in termination of the case. There is no other reminder notice and no phone call.

Informally, CWD staff refer to the NEC as the “appointment letter.” This language is insightful. In many counties, the county computer system selects an arbitrary time that is open on the assigned caseworker’s schedule and assigns that time to a given recipient for the in-person recertification meeting. The implicit assumption is that the recipient is available whenever it is convenient for the assigned caseworker. This may be appropriate for non-working recipients, but seems inappropriate for CalWORKs leavers, who are often working, and is inconsistent with the emphasis on employment. As one county worker explained:

> “It [attending the recertification meeting] is very difficult for them [leavers]. They have to get approval from their job to come in. If they don’t go to work, they don’t get paid.”

In defense of the counties and their caseworkers, all of the supervisors and line workers to whom we spoke said that recipients could simply call their caseworkers to reschedule inconvenient recertification meetings. However, rescheduling possibilities are limited. Most caseworkers are available for appointments only during a part of regular business. Furthermore, caseworkers are only available for appointments for some of those hours, and there does not appear to be a systematic effort to find times that might be more convenient for working recipients – early in the morning, late in the afternoon, and perhaps at lunchtime. Given the length of the interview and transportation issues, even lunchtime will usually not be feasible.

The county workers we interviewed mentioned some limited attempts to accommodate recipients’ work schedules (early morning, lunchtime, early evening meetings), but most such accommodations appeared to depend on the good will of individual caseworkers. Night and weekend appointments appear to be nearly non-existent. The result is that recipients often need to take time off from work for their
recertification appointments. We conclude that this is not a program that is designed to accommodate the needs of a working clientele.\textsuperscript{66}

However, the value of scheduling caseworker appointments at night or on weekends is not clear. San Diego County staff noted they had run limited pilots of extended hours, but there had been limited demand. Similarly, Orange County staff reported that the CalWORKs eligibility and WTW staff had stayed open for appointments on Thursday nights, but stopped doing so because of a lack of demand.

Orange County staff also mentioned the possibility of handling recertifications by telephone. Workers there noted that when a recipient calls to schedule or reschedule the recertification, and expresses difficulty in appearing during regular business hours, the caseworker asks that the recipient mail in the application and then call back to be recertified by phone. This option does not appear to be mentioned in any of the official materials given to recipients (e.g., the “appointment letter”). Again, in practice, its availability appears to vary with the good will of individual caseworkers.

The time required for recertification appears to vary widely. USDA estimates two to three hours.\textsuperscript{67} Some of the variance appears to be real. Some cases are simply more complicated than others – larger households, more sources of income, varying income, and so on.

Some of the variation appears to be the result of computer issues. After county caseworkers collect the required information for recertification, they have to enter it into the computerized eligibility system. Some computer systems appear to respond about as fast as caseworkers can type the entries. Other systems appear to be overburdened, such that caseworkers spend considerable time waiting for the computer to bring up the next screen. This appears to depend on computer load – time of the day, day of the week, time of the month.

Finally, some of the variation depends on whether we are tracking the caseworker’s time or the recipient’s time. It appears that an efficient caseworker can keep the meeting with the recipient relatively short (30 to 45 minutes). During this time, the caseworker collects the required forms and documentation, verifies that

\textsuperscript{66} Earlier, we noted another instance where recipients’ work effort runs afoul of Food Stamp policies. Food Stamp benefits are calculated after taking into account all other sources of income, including earnings. However, low-income recipients often work in jobs with variable hours, which means their monthly income can vary. Cases with variable income are more error prone and, as we noted in chapter 2, the Food Stamp Quality Control (QC) program penalizes states with high error rates. Some analysts (e.g., Fossett and Gais, 2002) claim that this QC system induces state and/or county welfare agencies to discourage working recipients from participating in the Food Stamp program in order to reduce their error rates and avoid federal fiscal sanctions.

they are complete and signed, and releases the recipient to go back to work. However, if there are any slip-ups, the caseworker will have to contact the recipient a second time in order to collect additional information, obtain additional verifications, and/or to obtain additional signatures. Absent such issues, the recipient does not need to be present as the caseworker enters the information into the computer, especially if the computer system is slow (another 30 minutes or more for the caseworker).

Of course, an inefficient caseworker or late appointments can badly delay or derail succeeding appointments. Caseworkers’ and supervisors’ comments place varying priority on minimizing recipients’ “wait time.” In fact, some suggested that recipient “wait time” is rising as county budget constraints lead to hiring freezes and fewer staff.

Some counties reported doing group recertifications to save staff resources. These group recertifications raised some concern. A senior staff person in one county said: “Clients deserve more respect; people don’t feel free to ask questions; given self-esteem issues, not everyone will speak up in a group. But, when you don’t have staff, you do what you have to do to get the work done.”

**ENROLLING IN THE MEDI-CAL PROGRAM AFTER LEAVING CALWORKS**

The legislative changes we described in the previous chapter imply the following:

- Almost everyone leaving CalWORKs continues to be eligible for Medi-Cal.
- Unlike the Food Stamp program’s requirement for a monthly income statement, the Medi-Cal program requires only an annual redetermination, usually referred to as an “RV” for reinvestigation.
- Medi-Cal recipients are obliged to report within 10 days any material changes in their circumstances. (See Appendix C for the exact language and further discussion.)
- The CWD is to enroll individuals in Medi-Cal as much as possible without contacting the individuals themselves.

The net effect of these four provisions is that almost all CalWORKs leavers should – without any effort on their part – be re-enrolled in Medi-Cal at least until the next scheduled annual redetermination. Thus, initial enrollment should be seamless; ongoing enrollment should require more effort.

Unfortunately, the details are much more complicated. Unlike Food Stamps, CalWORKS leavers’ initial enrollment in Medi-Cal depends on the circumstances under which the recipients left CalWORKs. Caseworkers must determine this first and then decide which Medi-Cal eligibility option, if any, is
appropriate. The process is further complicated by problems affecting the conversion of cases from CalWORKs assistance to non-assistance Medi-Cal.

Initial Enrollment in Medi-Cal for CalWORKs Leavers

Caseworkers must consider two issues before re-enrolling a former CalWORKs recipient in Medi-Cal, and both can pose difficulties. First, a caseworker needs to determine why the recipient left CalWORKs. This is critical because the requirements of SB 87 and its accompanying regulations vary with the reasons for leaving CalWORKs. As noted above in our discussion of enrollment in the Food Stamp Program, the problem is that caseworkers often do not know – and cannot easily find out – why recipients exited cash aid. While some cases are terminated based on information provided by the recipient (e.g., an income report above the limit or an explicit request to terminate cash assistance), more often than not, cases are terminated for lack of information. That is, the recipient fails to file the monthly status report or fails to keep the annual redetermination appointment, so the case is terminated. But the caseworker does not know why the recipient failed to file the report or keep the appointment (e.g., the recipient found a good-paying job with benefits, got married, or moved out of state).

Second, a caseworker must determine how to apply the state’s SB 87 regulations. SB 87, enacted July 1, 2001, specifically intends that CalWORKs leavers retain their Medi-Cal coverage. In implementing SB 87, ACWDL 01-17 requires that 1931(b) coverage continue until the next annual Medi-Cal recertification, “except in those circumstances that clearly demonstrate that the beneficiary is not eligible.” Furthermore, termination of CalWORKs is not considered a “change in circumstance that affects Medi-Cal eligibility.” That is, leaving cash aid does not trigger a reassessment of presumed Medi-Cal eligibility until the next annual review. However, some additional information, gained as a result of, or leading to, the CalWORKs termination might trigger the need for a redetermination and possible termination of Medi-Cal.

Although CHDS issued detailed guidelines to implement SB 87, the interaction of these two considerations has caused considerable administrative complications. First, these guidelines are organized by reason for CalWORKs discontinuance, which caseworkers often do not know. Second, the guidelines are sometimes inconsistent. In the remainder of this section, we describe these state guidelines, the complications that arise when applying them, and the procedures involved in enrolling CalWORKs leavers in Medi-Cal.

---

68 For the detailed CDHS guidelines, see CDHS ACWDL 01-36.
Table 3.1 repeats the rows of a CDHS summary table describing the regulations for different CalWORKs terminations.69 (The four-way grouping does not appear in the ACWDL.) For each type of termination, the table specifies whether *ex parte* review is required, whether the case is eligible for Aid Code 3N (1931(b)), and whether placement in Edwards/Aid Code 38 is required. To CDHS’s table we have added a column labeled “Eligibility,” that highlights how SB 87 affects each type of discontinuance. Based on the effect of SB 87, the table divides terminations from cash assistance into four groups:

1. *Simply Dropped* – the first four rows (moved out of state, written request, incarceration, death). The CalWORKs exit in these rows provides clear evidence of ineligibility for 1931(b) or any other Medi-Cal option. In each case, the regulations and their implementation are clear and straightforward.

2. *Simply Continued* – the fifth row (transition to another public assistance program providing Medi-Cal).70 For this row, the CalWORKs exit provides clear evidence of continued eligibility for Medi-Cal under the new public assistance program. These regulations and their implementation are also straightforward.

3. *Enrolled Immediately in 1931(b)* – three rows in the middle of the table (no CW 7, non-cooperation with WTW requirements, 60-month time limit expired). In these cases, 1931(b) eligibility is confirmed without additional information. Thus, *ex parte* review is not necessary and there is no need to “hold” these cases in Edwards/Aid Code 38 pending the possible arrival of more information. These regulations are clear, but implementing them is straightforward only when cases have exhausted their 60-month time limit or have been formally sanctioned. As we discuss below, implementation is difficult when CalWORKs is terminated due to a recipient’s failure to file the CW 7.

4. *“Held” Pending More Information* – the last eight rows. In these cases, the reasons for exiting CalWORKs may or may not affect 1931(b) eligibility. In these instances, CDHS requires counties to begin an *ex parte* search of existing records – starting with the detailed reasons for terminating CalWORKs assistance. If the records do not yield sufficient information, then county staff contact the family for additional information. Implementation is difficult.

---

69 CDHS ACWDL 01-36.
70 For the children, sanction and time limits also fall into this group. For our purposes, they are not CalWORKs terminations.
### Table 3.1
Initial Medi-Cal Program Eligibility After CalWORKs, by Reason for CalWORKs Discontinuance

<table>
<thead>
<tr>
<th>Reason for CalWORKs Discontinuance</th>
<th>Ex-Parte Review Required</th>
<th>Eligible Edwards / Aid Code 3N</th>
<th>Required 1931(b) / Aid Code 38</th>
<th>Eligibility</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Simply Dropped</td>
<td></td>
<td></td>
<td></td>
<td>Ineligible</td>
</tr>
<tr>
<td>Loss of California residency</td>
<td>No</td>
<td>No</td>
<td>No</td>
<td></td>
</tr>
<tr>
<td>Written request to discontinue CalWORKs and Medi-Cal</td>
<td>No</td>
<td>No</td>
<td>No</td>
<td></td>
</tr>
<tr>
<td>Incarceration</td>
<td>No</td>
<td>No</td>
<td>No</td>
<td></td>
</tr>
<tr>
<td>Death of beneficiary</td>
<td>No</td>
<td>No</td>
<td>No</td>
<td></td>
</tr>
<tr>
<td>2. Simply Continued</td>
<td></td>
<td></td>
<td></td>
<td>Eligible for other Medi-Cal</td>
</tr>
<tr>
<td>Transition to another public assistance program that provides Medi-Cal benefits</td>
<td>No</td>
<td>No</td>
<td>No</td>
<td></td>
</tr>
<tr>
<td>3. Rolled Immediately into 1931(b)</td>
<td></td>
<td></td>
<td></td>
<td>Eligible under 1931(b)</td>
</tr>
<tr>
<td>Failure to provide monthly income report (CW 7)</td>
<td>No</td>
<td>Yes</td>
<td>No</td>
<td></td>
</tr>
<tr>
<td>Non-cooperation with WTW requirements</td>
<td>No</td>
<td>Yes</td>
<td>No</td>
<td></td>
</tr>
<tr>
<td>Expiration of CalWORKs time limit</td>
<td>No</td>
<td>Yes</td>
<td>No</td>
<td></td>
</tr>
<tr>
<td>4. Held Pending More Information</td>
<td></td>
<td></td>
<td></td>
<td>Eligibility to be determined</td>
</tr>
<tr>
<td>Failure to complete the annual CalWORKs redetermination</td>
<td>Yes</td>
<td>No</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>Loss of contact/whereabouts unknown</td>
<td>Yes</td>
<td>No</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>Only eligible child leaves home</td>
<td>Yes</td>
<td>No</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>Change in household composition that has resulted in non-cooperation with the evidence-gathering requirements for the AU</td>
<td>Yes</td>
<td>No</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>Change in household circumstances that affects Medi-Cal eligibility</td>
<td>Yes</td>
<td>No</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>Resources exceed limits</td>
<td>Yes</td>
<td>No</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>Income exceeds limits</td>
<td>Yes</td>
<td>No</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>Failure to cooperate with child support requirements</td>
<td>Yes</td>
<td>No</td>
<td>Yes</td>
<td></td>
</tr>
</tbody>
</table>

Note: *Ex parte* review – search of welfare department records without contacting the family; 3N—1931(b) program; 38—Edwards.
Source: CDHS ACWDL 01-36.

As we noted earlier, determining Medi-Cal eligibility can prove difficult depending upon how recipients leave CalWORKs. For example, complicated situations arise when CalWORKs recipients make informal requests (e.g., telephone calls) asking to terminate their cash aid, when they fail to return the required CW 7 forms (for reasons other than a change of address), and when items mailed to them are returned because there is no forwarding address. We discuss these complications below.

**Recipient Request to Terminate Medi-Cal** – ACWDL 01-17 1931(b) is clear: Only an explicit *written* request should terminate Medi-Cal. As shown in Table 3.1, upon receipt of such a written request, that case becomes ineligible for Medi-Cal.
In practice, however, staff reported that it is not uncommon for a recipient to call in and request termination of her “case”—CalWORKs, Food Stamps, and Medi-Cal. (For example, a recipient may call to—in the words of the caseworker—“brag” that he or she got a job and to thank the caseworker). Such verbal requests to drop Medi-Cal (with annotations in the case file) appear to be common and are treated by county staff as sufficient. Furthermore, conversations with county staff suggest that when a client makes a generic request to drop their case, the thoroughness with which the client is informed of the possibility of continuing eligibility for Medi-Cal, and the likelihood of obtaining written confirmation of the recipients’ desire to terminate Medi-Cal, vary by county and by caseworker. Some caseworkers said they always insist on written verification; other caseworkers noted that when they are very busy, as they usually are, they do not always follow up recipients’ requests to drop CalWORKs to verify whether they intended to drop CalWORKs, Food Stamps, and Medi-Cal or only CalWORKs and Food Stamps (thereby eliminating the monthly reporting requirement). Dropping all three programs is easier for the caseworker. The following caseworker comments convey the nature of those phone calls:

“I’m not a good salesman; but I don’t discourage them either.”

“If we started asking those questions [which programs do you want to drop; what are you using for health insurance?], we could be on the phone for an hour.”

“Workers are overwhelmed. We don’t want to push it. Someone calls and asks to have their case terminated, you say: ‘Ok; bye; thank you.’”

**Recipient Fails to Return a Monthly CW 7 Form**—Many cash assistance cases are terminated because recipients fail to return the required monthly CW 7 forms (excluding instances when the forms are returned by the post office as undeliverable). As shown in Table 3.1, CalWORKs cases terminated in this fashion should automatically continue to receive Medi-Cal under 1931(b). Without the CW 7 form, the caseworker cannot verify whether a recipient satisfies the 1931(b) income criteria. However, SB 87 allows termination of the case only when there is “clear evidence” of ineligibility. According to ACWDL 01-17, the absence of a CW 7 form does not, by itself, constitute “clear evidence” of ineligibility. This is, in part, because state law and regulations require recipients to report within ten days any meaningful changes in their circumstances that could affect their Medi-Cal eligibility. Absent such a report (and such reports are rare), and barring other evidence to the contrary, the CalWORKs case that is terminated for failing to provide a CW 7 form is presumed to remain eligible for Medi-Cal under provision 1931(b), without an *ex parte* review of case documents.

These rules and procedures yield perverse results. Caseworkers are required to terminate CalWORKs benefits when recipients do not file their monthly income reports. However, for Medi-Cal, caseworkers
must presume that these same recipients have had no changes in income, even though increased income (from a new job, for example) is a common reason for not filing the CW 7 form. Thus, with respect to Medi-Cal, filing the CW 7 form can make recipients worse off.

If a recipient loses CalWORKs eligibility, but continues to qualify for Food Stamps, then the recipient is still filing the required monthly CW 7 form. By statute it appears that caseworkers could (and should) check the Food Stamp case files for the income information stored there in order to determine ongoing eligibility for Medi-Cal. However, it appears that caseworkers responsible for Medi-Cal rarely, if ever, check Food Stamp CW 7s for income changes that could affect Medi-Cal eligibility. Staffing levels are too low to permit such cross-checks. Los Angeles County staff explained that they separated Food Stamp and Medi-Cal cases in part in order to prevent changes in income reported to Food Stamps from triggering reevaluation of Medi-Cal eligibility.

This situation also illustrates the confusion that sometimes surrounds Medi-Cal regulations. In contrast to CDHS ACWDLs and CDHS officials’ comments to us (and the apparent intent of the statute and CDHS regulations), caseworkers in two counties reported that they do not automatically enroll these “no CW 7” cases in Medi-Cal under the provisions of 1931(b). These caseworkers argued that these families’ previous earnings alone (i.e., without cash assistance) were insufficient to support their living expenses. In other words, in the caseworker’s judgment, the recipient’s previous earnings could not have paid for rent, utilities, food, and other living expenses. Consequently, there must have been some change in either the household’s income (e.g., higher earnings) or family structure (e.g., marriage to a wage earner). Until the nature of the change and continued eligibility are established, these caseworkers argued that providing Medi-Cal eligibility under 1931(b) is inappropriate. Instead, these caseworkers try to contact the recipients who failed to file the CW 7 forms, using the MC 355 forms to verify income and property. If those attempts are successful, they use the information to process the 1931(b) applications, sometimes resulting in approval, sometimes in rejection. If those attempts are not successful, these caseworkers do not enroll the adults in Medi-Cal under the provisions of 1931(b). This contradicts the instructions in ACWDL 01-17.

Senior CDHS staff stated that this behavior is inconsistent with current state regulations. Although this approach conflicts with ACWDL 01-17, it has some support in the regulations governing annual mail-in redeterminations. These regulations list conditions under which there is “good cause” for a face-to-face interview, including “No visible means of support.” A recipient who reports having no income beyond cash assistance at the time his or her family exits CalWORKs can be considered to have “no visible means of support.” If caseworkers interviewed adults in these cases, perhaps they would discover that something (e.g., earnings or marriage) had changed, making the families ineligible for continued Medi-
Cal under the provisions of 1931(b). In discussion with us, senior CDHS staff explicitly stated that this argument for the need for additional information because of “no visible means of support” is incorrect.

**No CW 7 Form Because Mail Is Returned with “No Forwarding Address”** – Many cash assistance cases are terminated because of “loss of contact/whereabouts unknown.” The caseworker mailed the CW 7 form to the recipient’s last valid address, but the mail was returned because there was no forwarding address. The returned mail is evidence of the recipient’s failure to report the address change, something that is required between annual recertifications. It is possible that the family may have moved out of the county or out of California, which would also terminate eligibility (see Appendix C for the exact NOA text). It is also possible that the new address is in the county or in another county in the state, in which case Medi-Cal should continue.

Because of these possibilities, ACWDL 01-17 explicitly states that cases terminated from cash assistance due to returned mail do not automatically qualify for Medi-Cal under 1931(b). Instead, as shown in Table 3.1, this termination triggers the *ex parte* review. The caseworker sends a “Request for Information” to the recipient’s last known address, “advising the beneficiary to contact the Medi-Cal office to update their current living situation.” (In the interim, as is also shown in Table 3.1, the case should be held in Edwards/Aid Code 38.) Of course, the NOA was triggered by evidence (i.e., returned mail) that the last known address is no longer valid, so the NOA is unlikely to reach the recipient. In practice, caseworkers make several attempts to contact missing recipients by phone or to locate their new addresses. How hard they try appears to vary across counties and within counties across workers.

The preceding paragraphs describe the procedures that county caseworkers are supposed to follow. To comply, the CalWORKs caseworker has to distinguish between (a) a recipient’s failure to file a CW 7 form and (b) a CW 7 form returned with no forwarding address. Our conversations with CalWORKs and Medi-Cal caseworkers suggest that, in practice, they do not successfully distinguish between these cases. The CW 7 forms are usually handled by the CalWORKs caseworker. From his/her perspective, the main issue is that a recipient failed to file the required form. The detail about whether the mail was returned as undeliverable is of less import. Therefore, many caseworkers told us that they doubt that this information is consistently and properly reported in the case termination codes.

**Additional Issues Regarding Conversion to Non-Assistance Medi-Cal**

Given the considerable complexity of these Medi-Cal enrollment rules for CalWORKs leavers, all the counties we visited shift the Medi-Cal component of leavers’ cases from the CalWORKs caseworkers to specialized Medi-Cal workers. (See Appendix B for a tabulation of work assignments for the counties we visited.) In some counties, these are the same workers handling Non-Assistance Food Stamps (e.g., Butte...
County and parts of Los Angeles County). In other counties, these are Medi-Cal Only caseworkers (e.g., Sacramento, where the Food Stamp part of the case remains with the CalWORKs caseworker, and San Diego County and Los Angeles County, where the initial determination of eligibility is handled by a specialized worker, who then passes the cases to a special unit for “granted” cases with less frequent activity.) As a result, in many counties, CalWORKs caseworkers are not trained to administer the Medi-Cal 1931(b) provisions, so they cannot make final determinations regarding Medi-Cal eligibility in ambiguous cases. Rather, Medi-Cal workers make these final determinations (e.g., Los Angeles County and San Diego County).

This administrative hand-off from a CalWORKs worker to a Medi-Cal worker can be problematic. Cases can get lost in the hand-off, and “close-out” paper work might not be completed. Some CalWORKs caseworkers noted that transferring cases to Medi-Cal workers is a low-priority since recipients’ Medi-Cal benefits will be continuing unchanged. Similarly, in counties with Medi-Cal Managed Care, capitation payments will continue until the Edwards/Aid Code 38 hold is resolved. (See Appendix C.)

Butte County caseworkers described their system for processing these conversion cases: CalWORKs caseworkers may pass such cases to a Medi-Cal worker within 30 days; otherwise, the CalWORKs caseworkers must handle the Medi-Cal conversion themselves. Caseworkers in Butte County claim that this potential additional work gives the CalWORKs caseworker an incentive to process such cases promptly. They also noted that their supervisors regularly review the status of cases, and untransferred cases in Edwards/Aid Code 38 are one of the things they look for. Similarly, in Los Angeles, Orange, and San Diego Counties, special workers handle the determination of Medi-Cal eligibility for CalWORKs leavers.

In San Diego County, regular computer runs identify all conversion cases, and clerks solicit those cases from the CalWORKs workers. Special Medi-Cal workers are responsible for opening folders and

\footnote{In San Diego County, specialized workers complete the initial determinations and then transfer the cases to workers who maintain ongoing Medi-Cal cases. Due to space constraints, the maintenance of ongoing Medi-Cal cases was consolidated into one office for most of the county for a period of time. That office is located in Mission Valley. North County cases were not included in this initial consolidation. Subsequently, as space for cases became available, ongoing cases have been disbursed and are now handled locally by six regional offices.}

\footnote{These issues with transfer from Edwards/Aid Code 38 to other aid codes are an echo of much larger problems noted earlier. For discussion, see Cox, Klerman, and Aguirre-Happoldt, 2001, and the LAO’s Analysis of the Health and Social Services Budgets for 1998-99 (at pages C-57 to C-63). [http://www.lao.ca.gov/analysis_1998/health ss depts1_anl98.html], 1999-2000 (at pages C-38 – C-44) [http://www.lao.ca.gov/analysis_1999/health ss/health ss anl99.pdf], and 2000-2001 (at page C-80ff and the discussion of Los Angeles) [http://www.lao.ca.gov/analysis_2000/health ss/health ss_anl00.pdf].}
verifying that the appropriate materials are in the folders. In addition, regular computer runs verify the status of all conversion cases and flag for review any cases older than two months.

The contrast with the transfer of CalWORKs leavers’ cases to non-assistance Food Stamps is illuminating. For Food Stamps, the CalWORKs caseworker opens the Food Stamps case (i.e., makes the computer entries and creates and places the appropriate forms in the paper folder) before forwarding it. Caseworkers in San Diego County reported that because this task remains with the CalWORKs caseworker, it occurs more slowly. Such procedures matter for continued enrollment in Medi-Cal.

**Ongoing Enrollment in Medi-Cal for CalWORKs Leavers**

The SB 87 and HCFA *ex parte* review provisions do not eliminate the requirement that recipients provide information to prove their continued eligibility for Medi-Cal once per year. This is the purpose of the annual redetermination. *Ex parte* review provisions may delay the date on which a recipient must provide some information on household income from the month of CalWORKs exit to twelve months after the last redetermination, in practice between zero and eleven months after CalWORKs exit.73 Unlike the Food Stamp program, the Medi-Cal program’s annual redetermination can be completed by mail; no in person visit is required.74 However, the package of mailed materials is daunting. It comprises a number of documents and forms requiring signature, including a dense eight-page form – six pages of which the recipient must fill out. Not surprisingly, some recipients request an in-person meeting for help in filling out the forms. Many call in to ask for help in filling out the forms. Some appear to use help offered by community based organizations (CBOs).

We would expect to see significant drop-offs in Medi-Cal coverage at the annual redetermination. It should be noted that the regulations require caseworkers to make two contacts with recipients before terminating a Medi-Cal case – the initial request for information and a follow-up letter. Either can be in writing (using MC 239A) or by phone.75

---

73 One caseworker reported using the information on the last CalWORKs CW-7 to advance the Medi-Cal redetermination date to 12 months from welfare exit. Senior CDHS staff indicated that this was inconsistent with current CDHS regulations. On November 8, 2002, CDHS issued an ACWDL (ACWDL 02-52, “Annual RV Compliance”) noting: “The purpose of this letter is to remind counties of their responsibility to comply with the annual redetermination requirements.” We infer that the situation we observed is not unique. Medi-Cal caseworkers describe themselves as having very large caseloads. That some might deal with those caseloads by allowing annual redeterminations to slip would be consistent with the general tenor of our interviews.


75 See CDHS ACWDL 97-48, “Second Contact, Request for Verification and/or Additional information Requirement,” November 18, 1997. See Appendix for the forms.
As we noted earlier, between annual redeterminations, recipients are required to notify their county caseworkers within ten days of any material changes in their circumstances that would affect their eligibility. Key changes include place of residence, household structure, and income. Many county caseworkers reported that recipients only very rarely notify them of such changes, at least in those instances where the changes would negatively affect the recipients. They also told us that recipients often do not know who their caseworkers are and do not have easy access to the forms required to report changes (unlike the CW 7 forms, which are mailed to cash assistance and Food Stamp recipients every month).

Furthermore, there is no requirement to coordinate Medi-Cal determinations with the CW 7 reports that recipients continue to file monthly if they are still receiving Food Stamps. Even if the Medi-Cal workers have access to the Food Stamp CW 7 information, they are simply too busy to check monthly. Nor do there appear to be routine procedures that would notify Medi-Cal workers of substantive changes reported on the CW 7 forms for Food Stamps.

As a result, changes pile up between annual Medi-Cal redeterminations. At the annual redetermination, eligibility for the coming year is reestablished based on the household’s income in the previous three months and the current household configuration. San Diego County staff told us about a program to identify when material changes occurred so that the county can recover expenditures that would not have been made if recipients had reported the changes in a timely fashion.

State and/or county officials are attempting or considering several noteworthy changes to the Medi-Cal annual redetermination process. First, some assert that annual redetermination is more expensive than requiring quarterly status reports. During budget discussions in the spring of 2002, the governor proposed returning to quarterly reporting. This proposal was not accepted by the legislature in 2002, but the governor again proposed quarterly reporting in his 2003-2004 budget.

Second, under a federal Section 1115 waiver, Los Angeles County has adopted a streamlined Medi-Cal redetermination process. That process cuts the application from eight pages to two. Specifically:

“The recipient is asked to report changes that have occurred since the time of the application/last redetermination. The recipient is not asked to repeat any information that the County already has on file and is not required to attach any verification when it is returned to the County.

“When the form is received by the County, the Eligibility Worker (EW) shall review the form for completeness and conduct an ex parte review of those areas where changes are
reported. No verification will be requested from a beneficiary that the County is able to secure through another source.

“The EW shall accept the recipient’s statements on the redetermination form as fact unless documents available to the EW place the validity of the information in question. The only information that is routinely subject to verification is that which is new to the case (i.e., information on a person being added to the household, income from a new source).”

Furthermore, Los Angeles County caseworkers accept as fact any variances of $166 or less from the Income Eligibility Verification System (IEVS), and any reported information that cannot be verified through IEVS is accepted as fact.

Third, CDHS has an ongoing effort to redesign and simplify its Medi-Cal forms. Work on the initial application (MC 210) was completed in August 2001. That form is printed on glossy paper, in attractive type faces, with lots of pictures of happy families of various types and racial and ethnic backgrounds.

State officials are also working on a redesigned and simplified annual Medi-Cal redetermination form. The goal is twofold: first, to make the form more attractive, inviting, and easier to interpret and, second, to stop asking recipients to provide information that is already on file with their county welfare departments.

CONCLUSIONS

In this chapter, we reviewed the state rules governing the provision of Food Stamps and Medi-Cal to CalWORKs leavers, and how county welfare departments handle these leavers’ initial and ongoing enrollment in the two programs. One key finding is that county caseworkers often do not know why recipients leave cash aid. Most CalWORKs cases are terminated because recipients fail to file the required Monthly Status Report, the CW 7. As a result, the county caseworkers are left guessing. Did a recipient leave CalWORKs because the family moved out of the county? Because of a marriage? Because of a new job that pays better? Indeed, based only on the bureaucratic fact that a required form was not filed, the caseworker cannot even be certain that the recipient intended to leave CalWORKs.

In any event, once county caseworkers lose touch with CalWORKs recipients and their families, it becomes more difficult and costly to notify leavers of their potential continued eligibility for Medi-Cal and Food Stamps. We identified and described three different approaches to this situation:

76 See LA Pilot 9/01 “Simplified Medi-Cal Redetermination Form,” mandated by 1115 Waiver Agreement. The quotes in the text are from Manual Letter ADVANCE 369, 9/6/01 “Redetermination Process.”
The Food Stamp Program takes the absence of a CW 7 form at face value and terminates the case. There is no outreach, no attempt to inform the former CalWORKs recipient that his or her family may still be eligible for Food Stamps after losing cash assistance.

By contrast, since SB 87, in the absence of clear evidence to the contrary, the Medi-Cal program presumes the former CalWORKs recipient and his or her family remain eligible for Medi-Cal benefits at least until the next annual redetermination.

At the county level, Los Angeles County takes a proactive approach by funding a telephone outreach effort. Caseworkers attempt to contact leavers, learn the reasons for their exit from cash assistance, and connect them to available benefits and services.
4. CURRENT AND FORMER RECIPIENTS’ PERCEPTIONS OF FOOD STAMPS AND MEDI-CAL FOR CALWORKS LEAVERS

In the previous chapters, we described the Food Stamp and Medi-Cal programs and how county and state agencies inform recipients about the programs, initially enroll them in the programs, and then keep them enrolled. In this chapter, we examine how caseworkers and recipients perceive these efforts. We begin with caseworkers’ views of recipients’ motives and perceptions, as reported in our qualitative fieldwork. We then turn to recipients’ views, which we collected through the California Health and Social Services Survey (CHSSS), conducted in 2000-2001 as part of the RAND Statewide CalWORKs Evaluation. 77

CASEWORKERS’ VIEWS

At initial application and subsequent orientations to the CalWORKs program and its WTW services, caseworkers reported making considerable efforts to inform recipients of their eligibility for benefits after they leave cash aid. However, caseworkers and other county staff also reported concerns about the success of these efforts. Caseworkers and other county staff observed that recipients are overwhelmed by the information provided at orientations, and that they cope by focusing on the information of immediate relevance – how to get a check and comply with program requirements. The comments of two caseworkers are representative:

“Unfortunately they get a lot of information, so sometimes that information [about eligibility after they leave cash aid] gets lost.”

“It’s just too much. They get information overload.”

After these initial orientation sessions, caseworkers and county staff reported that subsequent attempts to inform recipients about ongoing assistance after they leave CalWORKs are sporadic. First, official county policies vary. Second, the degree to which caseworkers interact with current recipients appears to vary widely across counties and across caseworkers within a county. Finally, caseworkers differ in how much importance they attach to ongoing eligibility for Food Stamps and Medi-Cal.

When asked why leavers do not enroll in the Food Stamp and Medi-Cal programs, some caseworkers mentioned recipients’ knowledge of the system or the value of the benefits. (The quotes below are from caseworkers; the quotes within the quotes are the caseworkers’ reports of recipients’ generic comments.):

77 See Appendix A and Reardon, DeMartini, and Klerman (2004), for more information on the survey.
“Some may believe that they are not eligible; some may not be.”

“They feel adequately self-sufficient.”

“I can swing it without it.’ You could be eligible for $10. It’s not worth it.”

“Has insurance from the job.”

“They can always come in and apply if they need it.”

“They know if their kids get sick, they can reapply.”

“If things are going ok for their family. They don’t have a sense of wellness—immunizations, check-ups.”

Some caseworkers commented on the objective burden of applying, especially relative to the likely benefits:

“It is a big job to fill out the paper work. At that point, things are ok.”

“I’d rather pay the doctor bill than fill out that form; Medi-Cal is always there if I need it.”

“A lot of people don’t like dealing with us.”

Caseworkers commented more frequently on recipients’ subjective feelings about dealing with the welfare office and the stigma involved:

“I don’t want to deal with the system. I want to make it on my own.”

“It feels good to be off the dole.”

“I want freedom. I want off your system.”

“They don’t want us in their business.”

“They just want to be off the system.”

“You have your dignity. You don’t have to tell your business.”

“They are tired of giving us their life history.”

“Even if they are still eligible, they don’t want to bother with ‘big brother.’ They don’t want to ‘play.’”

To some extent, these concerns are rooted in our long-standing national ambivalence toward public assistance. These concerns have been exacerbated by federal and state welfare reforms. As one caseworker explained:
“The whole message of welfare-to-work to instill self-sufficiency discourages them from signing up [for Food Stamps and Medi-Cal].”

Thus, to some extent the philosophy of recent reforms mitigates against enrolling in Food Stamps and Medi-Cal after leaving cash aid.

Before turning to recipients’ responses, it is important to note that caseworkers also reported lots of comments in the opposite direction – that is, leavers want and need Food Stamps and Medi-Cal. These views are consistent with concerns that recipients are confused or lack knowledge about their continued eligibility for these non-time-limited benefits. As one program manager explained:

“Clients are apprehensive that if they leave welfare they will leave behind Food Stamps, Medi-Cal, and other supportive services (especially child care).”

Similarly, a caseworker reported:

“Clients over-income [for CalWORKs], they worry about the Medi-Cal. They ask me: ‘Am I still going to get Medi-Cal?’”

RECIPIENTS’ VIEWS

We also have recipients’ perceptions concerning these issues. In 2000-2001, the California Health and Social Services Survey (CHSSS), conducted as part of the RAND Statewide CalWORKs Evaluation, reinterviewed approximately 1,300 current and 1,100 recent CalWORKs recipients in six counties (Alameda, Butte, Fresno, Los Angeles, Sacramento, San Diego). The sample consisted of individuals who were on welfare or off of welfare less than a year in 1999-2000. By the 2000-2001 survey, the leavers in this group were divided approximately evenly between those off welfare less than 12 months, those off 13-24 months, and those off more than 24 months.

With partial funding from WPRP, we administered an additional battery of questions regarding post-CalWORKs availability of Food Stamps and Medi-Cal to both those receiving CalWORKs cash aid at the time of the survey and those no longer receiving cash aid at the time of the survey. Those who had actually left CalWORKs were also asked whether they enrolled in the two programs and, if not, why. Here, we present an analysis of these survey data.

78 Additional information on the survey can be found in Appendix A and in Reardon, DeMartini, and Klerman (2004).
Respondents’ Recollections About Prospective Eligibility

We begin with recipients’ and leavers’ memories of information they received regarding eligibility for Food Stamps and Medi-Cal after leaving CalWORKs. Figure 4.1 presents the basic results in the format we use in much of this section. For each question, the top pair of bars presents the percentage of people responding “yes.” The top bar in the pair presents current recipients’ responses; the bottom bar in the pair presents leavers’ responses. Following is a sequence of pairs of bars providing additional details.

For each bar, in addition to the bars, each figure reports a number corresponding to the weighted percent of the survey sample. These numbers are rounded to whole percents. The plots are based on the unrounded percents. Thus, two bars with the same reported whole percent will usually have different lengths.

Figure 4.1 shows whether and when respondents remember receiving any information about Food Stamps after obtaining cash aid. In this and the following similar charts, the first bar gives the fraction of people in the particular situation (here who remember receiving information about Food Stamps) and the remaining bars give the fraction of the entire population (not merely the fraction of those who are in the particular situation) who remember receiving the information from a specific source. Multiple response according to source are allowed, so the sum of the lower bars will usually be larger than the first bar.

The results in Figure 4.1 imply that, despite the efforts of state and county agencies, the message that Food Stamps remain available after leaving cash aid is not getting through. Only 14 percent of current recipients and only 14 percent of recent leavers reported receiving any information. Compared to current recipients, leavers are more likely to work and exit cash aid, so it is not surprising that more leavers remembered receiving information after finding jobs, working, and exiting CalWORKs.
Figure 4.1— Recipients’ Recollections of Whether and When They Received Information About Food Stamps

Figure 4.2 shows the corresponding responses for Medi-Cal. Compared to Food Stamps, more recipients remember receiving messages about Medi-Cal. In fact, while the same fraction of current and former recipients recall learning about Food Stamps (14 percent), the fraction who recall learning about Medi-Cal is nearly twice as high for those off CalWORKs (37 percent) as on (19 percent). This appears to reflect successful agency outreach to leavers, reaching over a quarter of them after they exited cash aid (27 percent). Compared to current recipients, those no longer receiving CalWORKs are far more likely to recall receiving this Medi-Cal information at all points in time. Alternatively, perhaps leavers listened better or retained more, or perhaps retention of the information contributed to their decision to leave cash aid. Survey data cannot tell us whether the effect is causal.
Figure 4.2—Recipients’ Recollections of Whether and When They Received Information About Medi-Cal

Figure 4.3 and Figure 4.4 show how recipients recall learning about the availability of Food Stamps and Medi-Cal after leaving CalWORKs. For Food Stamps (Figure 4.3), the figures are so low that none of the sources appear effective. For Medi-Cal (Figure 4.4), it is evident that mailed and printed information registered most clearly with those off cash aid, 30 percent and 20 percent, respectively, followed by 18 percent who recalled being told by someone at the CWD, and nine percent who recalled being told over the phone. In each instance, these sources registered more sharply with leavers than with current recipients.
Figure 4.3—Recipients' Recollections of How They Learned About Food Stamps
Figure 4.5 and Figure 4.6 show what current and former recipients recall learning about the two programs. Among those who reported receiving any information, over half reported learning about prospective eligibility for themselves and for their children, and where to go to get help with enrollment. About two-thirds of those who reported receiving information about Medi-Cal also reported getting information about Healthy Families.
Figure 4.5—What Recipients Recollect Learning About Food Stamps

With respect to Food Stamps, Figure 4.5 shows that neither current recipients nor recent leavers recollect learning much (14 percent in both cases). However, among those remembering any message, over two thirds recall learning about eligibility for themselves and their children, how long eligibility lasts, and where to go to get help.

With respect to Medi-Cal, Figure 4.6 shows, again, that current and former recipients are much more likely to remember learning about health benefits than about Food Stamps. Once again, leavers recall
What Recipients Recollect Learning About Medi-Cal

With CalWORKs

<table>
<thead>
<tr>
<th>Topic</th>
<th>On CalWORKs</th>
<th>Off CalWORKs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Eligibility/Self</td>
<td>19%</td>
<td>24%</td>
</tr>
<tr>
<td>Eligibility/Kids</td>
<td>14%</td>
<td>30%</td>
</tr>
<tr>
<td>Eligibility/How long/Self and Kids</td>
<td>10%</td>
<td>19%</td>
</tr>
<tr>
<td>Where to get help w/Medi-Cal after CalWORKS</td>
<td>13%</td>
<td>25%</td>
</tr>
<tr>
<td>Healthy Families and CHIP Program</td>
<td>15%</td>
<td>26%</td>
</tr>
</tbody>
</table>

Figure 4.6—What Recipients Recollect Learning About Medi-Cal

learning this information at about double the rate of current recipients. Among those who recall receiving any information, about two-thirds or more of the former recipients reported learning about Medi-Cal eligibility for themselves or their kids, about where to go to get help with Medi-Cal, and about the Healthy Families program.

The county welfare departments (CWDs) are not the only sources of Food Stamp and Medi-Cal information. Figure 4.7 and Figure 4.8 show the non-CWD sources of information. In the case of both programs, leavers recall obtaining information from non-CWD sources at higher rates than current recipients, and friends are the most important sources of information. The next most important non-CWD sources of information about Food Stamps and Medi-Cal are family members and other people in the community. Media advertising was a marginal source of information about Medi-Cal among leavers (8 percent), but barely registered with current recipients (2 percent). Food Stamp advertising did not register with leavers or current recipients (1 percent or less).
Figure 4.7—Other Non-CWD Sources of Food Stamp Information

Figure 4.8—Other Non-CWD Sources of Medi-Cal Information
Enrolling in Food Stamps and Medi-Cal

At the time of the survey, we asked those who had left CalWORKs additional questions about their understanding of Food Stamp and Medi-Cal program availability, their need for program benefits, and their reasons for not enrolling. Even though most respondents (even leavers) could not recall learning about benefits available to them after leaving cash aid, most leavers reported knowing that they remained eligible for these two programs: 66 percent for Food Stamps, and 91 percent for Medi-Cal. The higher rates for Medi-Cal are consistent with what appears to have been a more intensive outreach effort. (See the discussion at the beginning of the previous chapter.)

Among those who had left CalWORKs, 52 percent reported needing Food Stamps, but only 36 percent of the leavers (about two-thirds of those reporting need) of those who applied, almost all received. actually applied. (See Figure 4.9.) At the time of the interview, only eight percent reported that they were receiving Food Stamps (not plotted). It is possible that the number ever receiving Food Stamps after CalWORKs is higher. For example, some respondents may have applied for and obtained Food Stamps soon after exiting CalWORKs, but by the time of our survey had dropped the benefits – possibly because their incomes had increased, making them ineligible. (See the discussion at the beginning of Chapter 2.) It is also possible that those who reported needing Food Stamps at the time we interviewed them later applied for and received the benefits. Nevertheless the low take-up rate is notable, especially given that over half of surveyed leavers reported needing Food Stamps.

![Figure 4.9—CalWORKs Leavers’ Reported Need and Application for Food Stamps and Medi-Cal](image-url)
As shown in Figure 4.9, 86 percent of respondents reported needing health insurance (Medi-Cal), and 63 percent (nearly three-quarters of those reporting need) actually applied. At the time of the interview, 53 percent reported that they were enrolled in Medi-Cal. Again, some may have taken-up Medi-Cal and then dropped the benefits before the interview; and others may have subsequently applied and obtained benefits after the interview.\textsuperscript{79}

Figure 4.10 shows respondents’ reported reasons for not applying for Food Stamps and Medi-Cal after they exited CalWORKs. The results differ sharply across the two programs. In the case of Food Stamps, over a third of the leavers we surveyed (38 percent), more than half of the 64 percent who did not apply, reported that they did not know they were eligible. This is consistent with the 66 percent of respondents who reported knowing they were eligible for Food Stamp benefits. Another third (32 percent) mentioned “too much hassle” (presumably referring to the requirement to fill out monthly CW 7 forms).

Application rates for Medi-Cal are higher (63 percent), so the percentage of respondents reporting any specific reason for not applying must be lower than reasons reported for not applying for Food Stamps. About one in ten leavers (11 percent), but nearly one-third of those who did not apply for Medi-Cal (37 percent), reported not knowing they were eligible. Another tenth of leavers reported “too much hassle.” Relatively few (5 percent) reported having “other insurance”; however, other survey data suggest that about a third reported having private health insurance.\textsuperscript{80}

\textsuperscript{79} For a further discussion of health insurance coverage from the survey data, see Klerman, Cox, and DeMartini, 2003.

\textsuperscript{80} See Klerman, Cox, and DeMartini, 2003.
CONCLUSION

These analyses present a mixed picture. State agencies and county welfare departments make repeated efforts to inform CalWORKs recipients of the availability of Food Stamps and Medi-Cal after they leave cash aid. Although few recipients and leavers recalled receiving this information (14 percent in both cases), most of the leavers we surveyed reported knowing the programs were available to them (66 percent in the case of Food Stamps and 91 percent in the case of Medi-Cal).

Furthermore, of the leavers we surveyed, 52 percent reported needing Food Stamp benefits and 86 percent reported needing Medi-Cal benefits, but not all applied – 36 percent for Food Stamps and 63 percent for Medi-Cal.

When we asked leavers why they did not enroll in the two programs, significant fractions said they did not know they were eligible: 38 percent for Food Stamps, over half of the 64 percent who reported not applying; and 11 percent for Medi-Cal, nearly a third of the 37 percent who reported not applying. Similar fractions cited “too much hassle”: 32 percent in the case of Food Stamps, exactly half of the 64 percent who did not apply; and 10 percent in the case of Medi-Cal, again nearly a third of the 37 percent who did not apply. These survey findings are consistent with county caseworkers’ views of why CalWORKs leavers do not enroll in Food Stamps and Medi-Cal in greater numbers.

Take-up rates are much higher for Medi-Cal than for Food Stamps, probably because the state and county agencies do more in the way of outreach. Greater Food Stamp outreach would likely help make more CalWORKs recipients aware of the program’s availability after they exit cash aid, but may not necessarily overcome the “hassle” factor cited by many leavers as a reason for not enrolling in the program.
5. OVERARCHING ISSUES AND RECOMMENDATIONS

In this concluding chapter, we consider four overarching administrative issues that emerge from our discussions in Chapters 2 and 3: (1) the speed with which program changes are implemented, (2) overly complicated program rules, (3) federal options that permit states to expand Food Stamp benefits and reduce the administrative burden placed on recipients, and (4) better program coordination. We also present some suggestions to address these issues.

SPEED OF IMPLEMENTATION

Over the past few years, the federal and state governments have sought to do a better job of continuing Food Stamp and Medi-Cal benefits for TANF/CalWORKs leavers. Toward this end, Congress and California legislature changed federal and state law; and federal and state agencies changed regulations and operating procedures.

Observing these changes in California, we learned one clear lesson: Implementing these changes takes far longer and is far more complicated than seems to be understood by either the legislature or the responsible state agencies. In Chapter 2, we documented the manner in which the key provisions of 1931(b) and SB 87 were implemented. Here, we list the required steps and summarize the timeline to make the problem clear:

- **New State Legislation Passes and Is Enacted Into Law:** The state may act on its own initiative or the state may have to pass new legislation to conform with changes in federal law or regulation. This starts the clock.

- **State Agency Writes Provisional Regulations:** With respect to Section 1931(b) of federal law, nearly a year elapsed between the enactment of new state law (conforming to changes in federal law) and CDHS’s release of initial regulations (in the form of ACWDLs). With respect to SB 87, the interval was shorter – about eight months from the enactment of new state law to CDHS’s release of initial regulations (again in the form of ACWDLs). In both cases, these initial regulations were followed by revisions and additional instructions in the form of ACWDLs over several months. By contrast, CDSS released the more radical CalWORKs regulations much more quickly.  

- **Counties Write Procedural Instructions and Train Staff:** Experience with 1931(b) and SB 87 suggest that for major changes, counties require about three months to implement new rules:

---

81 See Zellman, Klerman, Reardon, et al., 1999.
Program staff must learn the new rules, formal procedures must be written, and caseworkers must be trained.

- **Counties Update Computer Systems:** After release of state regulations, it took a year or longer to update county computer systems. In the interim, county staff had to implement the new procedures manually.

Ideally, the order of the last two steps should be reversed. Today, eligibility operations are automated, and the primary records are kept on county computer systems. Caseworkers confirm eligibility and cut checks using computer records. Procedures not implemented through the computer system require considerable extra effort from overburdened caseworkers (e.g., to do manual computations) and their supervisors (e.g., to do “overrides”). Manual processing is far more error prone than fully automated processing. Furthermore, as computer systems are modernized, they often incorporate more “business rules” (i.e., office procedures), such that it is nearly impossible to properly implement new policies or procedures that are not in the computer system.

At the time of our fieldwork in 2002, most counties had not yet automated their 1931(b) procedures. Instead, caseworkers were checking the sequence of various Medi-Cal eligibility options and doing the various budget computations by hand. That manual process was more error-prone than computer processing and far more time-consuming. The 1931(b) regulations should have been implemented in January of 1998. CDHS issued initial regulations in September 1998. Four years later, in 2002, most counties had still not automated these procedures.

Many of these problems are also evident in the implementation of Electronic Benefits Transfer (EBT). California’s county-based public assistance programs (TANF/CalWORKs, Food Stamps, Medicaid/Medi-Cal) slowed the state's implementation of EBT. The state’s original plan had to be developed in conjunction with the counties. Once the plan was settled, the state retained a vendor to run the program. However, prior to implementation, the vendor had to customize the program for the various county computer systems.

From these computer-related problems, we take the following lesson: In the early 21st century, significant program changes cannot be implemented any faster than the time required to change the related computer systems. Legislators should bear this in mind when they specify implementation dates in statute; state officials should factor this in to their regulatory timelines; and state and county officials should work with their technical computer programmers to make the necessary changes in a timely fashion. While updating
computer systems can be costly, failing to do so – given the attendant inefficiencies and errors – is likely to cost even more.

**PROGRAM COMPLEXITY**

Our fieldwork persuades us that the programs are simply too complicated for county caseworkers and state officials to implement and administer efficiently. One interviewee’s comments about the provisions of 1931(b) are generally apt: “The programs are hideously complicated. There are separate rules for applicants and for recipients, Option A and Option B.” Caseworkers repeatedly emphasized that Public Assistance Food Stamp rules are fundamentally different from Non-Assistance Food Stamp rules, which are themselves different from Medi-Cal rules.

All welfare programs are complicated and detail-oriented. The governing federal statutes are complex to begin with, but they are just the starting point. Additional layers of complexity can come from state-specific variations sought by the California legislature, court decisions, and regulatory instructions from multiple agencies. Thus, a policy that may seem relatively straightforward to a legislator (and even an analyst), who is removed from actual program operations, may appear as a nearly impenetrable procedural thicket to the county caseworkers responsible for implementing that policy. Is this father or boyfriend part of the “assistance household” or not? What happens when some (but not all) of the assisted children or adults are disabled and receiving Supplemental Security Income (SSI)? How is unemployment insurance or child support treated when calculating eligibility and, again, when calculating benefits? Compared to much of the nation, casework in California is even more complicated because of the large number of documented and undocumented immigrants in the state, and the special programs and rules (some state-only) that apply to them.

The resulting complexity is evident in the proliferation of county caseworkers’ “cheat sheets” and desk-side aids, and the size of those aids. For example, the Los Angeles County summary of Medi-Cal program rules runs to four, small-print, legal-sized pages. Keeping these “cheat sheets” up to date is apparently no easy matter. A draft labeled August 2000 was still being updated in May of 2003. Another desk aid for caseworkers lists the sequence of Medi-Cal eligibility options to be checked “For Adults,” “For

---

Families,” and “For Children Only.”83 Los Angeles County’s list of the income limits used to determine eligibility fills a dense page, as does the one from Sutter County.84

Officials from multiple counties told us it was not uncommon for their desk-side aids to be found in error – sometimes from their initial composition, sometimes because of subsequent, subtle policy changes. Our interviews with caseworkers revealed considerable confusion about procedural details. During focus groups, we asked what we thought were simple questions about appropriate procedures. One caseworker would say one thing, while another would say something different. The first caseworker and several others at the table would then say, “I didn’t know that!” or, “Oh, that changed last year.”

The inherent complexity of the Medi-Cal program has been compounded by frequent and rapid changes in policy. In Chapter 3, we showed that much of the current information about Medi-Cal for CalWORKs leavers in CDHS and CDSS documents refers explicitly to the Transitional Medi-Cal program (TMC). It is true that the TMC program is specifically intended to help CalWORKs leavers. However, the TMC program has been rendered nearly irrelevant by the provisions of 1931(b). State and county agency documents have not been updated to reflect these changes, so it is not too surprising that caseworkers may be confused.

Despite this confusion, caseworkers, even when asked, did not request additional training. Rather, they told us the following:

“Training is not useful. The program is very confusing. You come here to district [or line office]. That’s where you really learn. You have to rely on your colleagues. You actually learn the program on the job. It takes three years to learn the program. Nobody knows the complete program, not even the Program Specialist.”

Instead of systematic training, information appears to circulate informally. All counties reported using some combination of formal training, ad hoc and regular group meetings, written training materials, and Program Specialists. When questions arise, caseworkers sometimes ask their supervisors, program specialists, their neighbors, or sometimes they just do the best they can. As caseworkers put it to us, they “guess.”

83 “Exploring All Avenues of Medi-Cal Eligibility: HCFA Letter to State Medicaid Directors data 4-7-00,” DPSS Administrative Memorandum 00-44, 11-8-00.
84 CDHS has distributed Sutter County’s “Medi-Cal Budget Calculation Chart” for several years. (See ACWDLs 99-25, 00-05, 00-33, 01-31, and 02-27.) It lists the cutoff values for various programs (MN/MI, 1931(B) Alternate A, 100, 120, 133, 135, 175, 185, 200, and 250 percent of FPL, in-kind income limits, SSI/Separate State Program (SSP) payment levels, cost-of-living allowance (COLA) multipliers, and property limits; for most of these programs, there are “cutoff” values for each family size.)
Staffing problems add to concerns that the programs are too difficult to administer efficiently. The front-line caseworkers tend to be among the most junior and worst paid in their county welfare departments. Worse, state and county budgets are being squeezed as workloads are increasing. Unable to hire additional staff, current caseworkers are being asked to learn and apply ever more complicated program rules and to undertake ever more time-consuming, manual procedures. The net result is that these complicated, time-consuming procedures are falling on the shoulders of caseworkers who are already overloaded. Without being able to hire additional staff, there are no good alternatives. When the employee union in Alameda County obtained ceilings on caseload ratios (i.e., the maximum number of cases to be handled by a single worker), severe backlogs developed.

These problems are compounded by staff turnover. As one supervisor commented, “good people” leave for “better challenges, less stress, more money.” As a result, many current caseworkers have fewer than the two to three years of experience reported (by other caseworkers) to be necessary to fully understand the programs.

Furthermore, in most counties, caseworkers noted that even their supervisors could not answer program questions or properly review case records. Caseworkers often reported that their supervisors had never done the work of the people they were supervising or, at best, that they had done the work before all of the recent changes, making their detailed knowledge of program rules, regulations, and procedures outdated.

Finally, some of the difficulty in implementing changes to the Medi-Cal program can be traced to CDHS. In almost all the counties we visited, officials complained that CDHS communicates with counties through ACWDLs, but does not update its formal regulations or handbook. As a senior official in one county explained:

“CDHS has no regulations – only ACWDLs and procedure manuals. Procedural manuals don’t cover all of the regulatory material. There are gaps. To get correct policy, you have to begin with ACWDLs and read forward. There is no way to tell what’s right and wrong any more.”

County officials spoke more favorably about CDSS’s approach. They reported that CDSS follows up All-County Letters (ACLs) – its equivalent of ACWDLs – with formal regulations and updates to its handbook. In the same vein, county officials told us CDSS did a better job than CDHS with respect to making materials available on-line and to listening to county input about program changes:

“(C)DSS has really good web sites, ACLs, regulations; not (C)DHS. They want to just tell you. We do the best we can.”
In our interviews, CDHS confirmed this situation:

“Some of the Medi-Cal regulations are still in draft, but counties implement the programs using those regulations along with the procedures and ACWDLs. The ACWDLs, which are now online, have a subject index. Counties need only look at the most recent letter on that subject or the most recent procedure. DSS has a totally different regulation process and an entire unit of persons who do only regulations. At DHS, the analyst who has a particular subject initiates the regulations.”

In some cases, CDHS issued modifications to earlier ACWDLs, designating them with an “E” suffix – for errata – or even “EE” or “EEE” (see Table 2.2 and Table 2.3). CDHS also revised provisions in earlier ACWDLs with later ACWDLs.

Since CDHS does not provide consolidated regulations or a handbook, each county (and often multiple employees in each county) must review and keep track of all ACWDLs and all amendments thereto. Considering total program cost (the sum of the cost to CDHS and to the individual counties), it would be much cheaper for CDHS to provide and maintain a consolidated book of regulations and procedures – available on line – and to amend it with each change. ACWDLs could announce and explain the changes. An on-line book of regulations and procedures would include all changes to date. This is the approach CDSS takes.

County program specialists, supervisors, and caseworkers also reported inconsistent guidance from CDHS on individual requests for clarification. We heard several reports of CDHS responses that were subsequently overturned when a county caseworker challenged the state department’s initial interpretation or, disagreeing with CDHS’s first response, the county sent the query again, but to a more senior official at CDHS.

This situation is not limited to Medi-Cal. CDSS officials described the need for program simplification both within the Food Stamp program and across programs. Food Stamps is particularly complicated for people no longer enrolled in CalWORKs, because their automatic enrollment then ceases. As one official put it, “The program needs much more reform to make it actually a nutrition program and not a welfare program.”

Both federal and state policymakers should give more consideration to program simplification. Several steps seem worthy of serious consideration:

- First, before adopting a new policy, legislators should determine whether the proposed new policy increases the amount of information local caseworkers have to collect (e.g., to determine
eligibility) or whether it increases the number of computations caseworkers must make (e.g., to calculate benefits).

- Second, when eligibility is narrowed or expanded – because of litigation or because budgets are shrinking or growing – serious consideration should be given to doing so by simplifying and coordinating rules, rather than by changing the income limits used to determine eligibility or, worse, adding a new program.

- Third, since most individuals are enrolled in a small number of programs, federal and state legislators should consider simplifying and coordinating rules across these key programs, particularly when differences in the rules are quantitatively (and fiscally) small (or even trivial), and often not properly implemented anyway. Currently, some of the rules for Food Stamps and Medi-Cal (and CalWORKs) are inconsistent (e.g., the definition of income, asset limits, and family structure). In many cases, these complications can be eliminated by state action. In other instances, state officials should petition federal authorities to eliminate these inconsistencies.

- Fourth, policy changes that arise out of litigation (e.g., Edwards vs. Kaiser, Sneed) should be incorporated into existing program rules wherever possible, not layered on as new programs.

FEDERAL OPTIONS TO INCREASE FOOD STAMP BENEFITS AND DECREASE THE BURDEN ON RECIPIENTS

As we documented in Chapter 2, California’s Food Stamp program has, of late, been more focused on reducing administrative errors and avoiding federal fiscal sanctions than on increasing CalWORKs leavers’ participation in the program. Recipients must continue to file monthly income reports and recertify their eligibility annually by meeting, in person, with a caseworker. This is in stark contrast to California’s Medi-Cal program, which reduces the administrative burden on recipients in several ways: The 1931(b) income limit is relatively high, reflecting California’s high cost of living; adults may be eligible for a second year of TMC; it has replaced quarterly with annual reporting; and the annual reporting can be handled by mail. As a result, it is much easier for CalWORKs leavers to remain enrolled in the Medi-Cal program than in the Food Stamp program.

This situation can be explained, in part, by California’s reluctance to take advantage of changes in federal law and regulation, as have other states. Based on the experiences of other states, the four policy options that follow may help California increase enrollment in the Food Stamp program, and may help lower the state’s error rate.85

---

85 For background on the debate around these modifications to the FSP, see American Public Human Services Association’s “Summary of APHSA Recommendations for Food Stamp Program Reform.” [http://www.aphsa.org/reauthor/fssummary.asp] For a proposal in this direction, see AB 2415 (Keeley, 2001-2002).
Eliminating Monthly Income Reports

California still requires Food Stamp recipients to file monthly income reports (the CW 7 forms). Federal Food Stamp regulations allow quarterly or even semi-annual reporting.\(^86\) California made some moves in the direction of quarterly reporting in 1999 and 2000 (see All County Information Notice (ACIN) I-70-00, 2000, and ACL No. 00-82, 2000), but that effort stalled.

At this writing (in early 2003), the state is moving forward with a new proposal for statewide quarterly reporting for Food Stamps and for CalWORKs (i.e., cash assistance).\(^87\) Harmonizing the two programs’ reporting procedures will be challenging. Implementation is projected for early 2004 at the earliest, and no ACLs or other further instructions have yet been issued. The proposal is expected to involve prospective (rather than retrospective) budgeting and is expected to lower Food Stamp error rates. The hope is that quarterly reporting will reduce the processing of CW 7s by two-thirds. Such administrative savings are important in the current tight funding environment, and the reduction in paperwork is consistent with CDSS’s stated goal of taking “every opportunity for workload relief.”\(^88\) However, some county observers doubt that the changed reporting provisions will produce savings.

While shifting from monthly to quarterly reporting appears to be a good thing, California may be overlooking an even better option. Since early 2001, USDA regulations allow semiannual reporting. As of June 2002, 23 states had adopted this option. With the 2002 federal Farm Bill, it seems likely that many more states will do so.\(^89\) California policymakers should consider moving to semiannual reporting for a number of reasons. First, the change will save state administrative costs by processing recipients’ income reports only twice a year rather than twelve (or four) times a year. Second, for technical reasons,\(^90\) the state’s error rate will likely decline, perhaps helping California to avoid (or at least shrink) future federal penalties.\(^91\) Finally, semiannual reporting will sharply reduce the administrative demand on recipients and might, therefore, raise Food Stamp take-up rates. However, we note that administrators’ discussions

---

\(^86\) Rosenbaum, 2002.
\(^87\) Assembly Bill 444, requiring quarterly reporting for CalWORKs and Food Stamps, was signed into California law in September 2002. The current target date for implementation is January 1, 2004. The California Department of Social Services plans to release an implementing All County Letter in April 2003.
\(^88\) Oral remarks of Bruce Wagstaff, CalWORKs Partnership Conference, San Diego, California, December 2002.
\(^89\) From October 1, 2002, based on Section 4109.
\(^90\) Since less reporting is required, there are fewer opportunities for errors.
\(^91\) On semi-annual reporting, see Dean and Rosenbaum (2002), p. 50. [http://www.cbpp.org/8-27-02fa.pdf] As of mid-2003, pending Assembly Bill 231 would, among other things, require an exemption from the face-to-face recertification in certain situations, including an inability to keep an office interview appointment because of conflicting work hours.
about the frequency of recipient reporting typically focus on reducing benefit expenditures and error rates, not on reducing the burden placed on recipients.

**Eliminating In-Person Recertification**

As we noted earlier, California requires an annual in-person meeting for Food Stamp recertification. This is consistent with federal law. However, federal regulations permit states to waive this requirement for working recipients by deeming the meeting to be a hardship.92

Our discussions with caseworkers suggest many reasons for requiring annual recertifications. On the one hand, recipients may fail to note on their monthly CW 7 forms – and/or not know to note – relevant changes to their income or circumstances. On the other hand, overloaded caseworkers may fail to note and act on changes that were properly reported. In addition, caseworkers are often too busy to check all the available information sources monthly (i.e., the Income Eligibility Verification System), whether recipients received Food Stamps in another county or in another state, and whether other verifications are still current. The computer systems do not check these other sources automatically, and the caseworkers are usually too busy to do more than look at the information as a whole to see if it passes the “smell test.” That is, does the “big picture” seem plausible or does it smack of some type of fraud, in particular, unreported income or different living arrangements.

Thus, the annual in-person interview helps to clarify matters. Recipients can be asked to expand on answers or to explain inconsistencies. Caseworkers told us that:

“Many of our clients are not literate. A third to a half have questions about how to fill out the form. Some cannot even fill it out.”

“Through the dialog you gain thoroughness”

Although some annual recertification is necessary, caseworkers did not cite any major reason – beyond the federal requirement – for why these interviews had to be done in person. While it is likely that some additional unreported information will surface, and some fraudulent cases will be discovered through the in-person interviews, it is far less clear whether the benefit expenditures saved will offset the significant costs involved.

---


See also USDA’s Access Guide which states: “States can simplify eligibility reviews with waivers from FNS. To avoid time-consuming face-to-face interviews and help working parents avoid missing work, states can allow households keep them informed of changes in their circumstances by mail or telephone. States may simplify the redetermination process by using shortened recertification forms, and clarifying any inconsistencies by telephone or mail. States may also use information from their data systems to populate fields on the recertification form. Households could simply note any changes on the form and return the signed document.” [http://www.fns.usda.gov/fsp/public_advocacy/pdfs/access_guide.pdf]
administrative costs borne by the counties, much less any costs borne by the recipients (e.g., time away from work). Similar annual recertifications for Medi-Cal are handled by mail.

Allowing employed Food Stamp recipients to handle their annual recertifications by mail would clearly reduce the burden on recipients and lower administrative costs. However, it might also raise the state’s Food Stamp error rate, because reporting is likely more complete at an in-person interview, with the give-and-take that occurs between the caseworker and the recipient. Indeed, according to state officials, the error rate is precisely why California has not requested a federal waiver regarding annual, in-person recertification interviews.

**BETTER COORDINATION BETWEEN THE FOOD STAMP AND MEDI-CAL PROGRAMS**

Our analyses have considered the Food Stamp and Medi-Cal programs together. However, the two programs are run by two different state departments – CDSS and CDHS, respectively – and county staff report that the two programs have very different rules and procedures. Moreover, the limited coordination that has developed between them primarily benefits Medi-Cal. CDSS provides information to CDHS on persons who receive Food Stamp benefits, but are not enrolled in Medi-Cal, in order that they may be enrolled in Medi-Cal. However, CDHS does not appear to provide to CDSS a list of people enrolled in Medi-Cal, but not in Food Stamps.

State policymakers may wish to consider several options for better coordinating the two programs:

- **Program Rules:** In a previous section on program complexity, we recommended that CDHS consolidate into a single, on-line handbook its voluminous rules and regulations, now delivered by serial ACWDLs. In addition, we suggested four steps policymakers can employ to help simplify program administration.

- **Notices of Action:** As we show in Appendix C, the NOAs for terminating cash assistance explicitly state that they do not affect Medi-Cal: “This notice DOES NOT change or stop Medi-Cal benefits. Keep using your plastic Benefits Identification Card(s). You will get another notice telling you about any changes to your health benefits.” We noted (in Chapter 3 and Appendix B) that eligibility for cash assistance is often handled by a separate worker and that the requirements for continuing Medi-Cal are very different from those for continuing cash aid. Together these two considerations lead to a delay of a month or more before a final determination is made about continuing Medi-Cal. Nevertheless, it should be possible in most cases to consolidate the CalWORKs termination with the notice continuing Medi-Cal benefits. This is especially true given that SB 87 will continue most Medi-Cal cases automatically. (See the discussion in Chapter 2.) For those cases, it should be possible to
combine the two NOAs, explicitly noting that Medi-Cal benefits will continue until the next annual redetermination (and give the date).

- **Annual Recertification Periods:** Currently, both the Food Stamp and Medi-Cal programs require annual recertification. The Food Stamp program also requires monthly income reporting. However, the two recertification periods are not always aligned, and the recertification documents are not combined. Thus, a participant in both programs must fill out two similar forms at two different times during the year. Aligning the certification periods to the same date and combining the forms seems worthy of consideration. Unless or until the requirement for an annual in-person Food Stamp recertification is changed, one simple way to do this would be to use that in-person recertification to extend the Medi-Cal certification period for an additional twelve months.

- **Notification:** Current state legislation requires that recipients be notified periodically about the availability of TMC. That notification does not appear to mention Food Stamps. Mentioning both programs in such notices seems relatively straightforward. Los Angeles County’s joint Food Stamps/Medi-Cal phone follow-up with CalWORKs leavers appears to represent optimal coordination and is, therefore, worthy of consideration by other counties.

**CLOSING THOUGHTS**

In our review of the administrative procedures for informing, enrolling, and re-enrolling CalWORKs leavers in California’s Food Stamp and Medi-Cal programs, we identified four areas that policymakers should address to improve program implementation and administration: (1) the speed with which program changes are implemented, (2) overly complicated program rules, (3) federal options that permit states to expand Food Stamp benefits and reduce the administrative burden on recipients, and (4) better program integration.

This take-up rates study was conceived in a period of relatively generous funding, when it was plausible to consider expanding benefits. At this writing, we are in a period of tight budgets and shrinking funding. The contrast between the two periods emphasizes the importance of thinking carefully about program goals. In the earlier period, the goal appears to have been to expand coverage (at least) as widely as was consistent with drawing down federal funding – 100 percent for Food Stamp benefits and 50 percent for Medi-Cal expenditures. In the current period, there is clearly an interest in shrinking the state's costs – administrative expenditures for Food Stamps and both administrative and benefit expenditures for Medi-Cal. As state and county officials review Food Stamp and Medi-Cal policies with an eye toward economizing, they should bear in mind three strategic considerations.
First, when they change program operations, it is important that policymakers take into account all of the steps necessary for implementing those changes, particularly the time necessary to update relevant computer systems. Re-programming costs money, but trying to implement new program requirements before computer systems have been successfully re-programmed results in inefficiencies and errors that may prove even more costly over time. In short, policymakers should strive to implement new program requirements after relevant computer systems have been properly updated.

Second, in the Food Stamp program, state costs are only a fraction of total program expenditures. The state pays only 50 percent of the administrative costs, while the federal government pays the other half of administrative costs and 100 percent of all benefits. In the Medi-Cal program, the federal government matches California’s expenditures at the rate of 50 percent. As a consequence, there is a multiplier effect, such that additional state expenditures bring more federal dollars to the state. Thus, relatively modest state expenditures can yield far greater total benefits for California’s poor. Any state policies that leverage additional federal subsidies are worthy of serious consideration.

Third, many of the recent welfare reforms intended to remove barriers to eligible recipients’ enrollment and re-enrollment in Medi-Cal and Food Stamps. The objective is to ensure that needy households – especially those who have left CalWORKs for low-wage jobs – receive the assistance for which they are eligible. Given this goal, California policymakers should consider whether new administrative requirements help identify those in need or whether they might in part deter the neediest from seeking benefits for which they are eligible. While it is true that enrolling more eligible recipients in benefit programs costs money, it is also true that failing to provide nutritional and medical assistance carries costs, although these costs are far harder to quantify.
APPENDIX A. DATA SOURCES AND METHODS

In this appendix, we provide additional detail on our data sources and methods.

FIELDWORK

The qualitative fieldwork for this project involved five counties: Butte, Los Angeles, Orange, Sacramento, and San Diego. For each of these counties, we conducted two sets of interviews. We began with interviews (sometimes by phone) with the Program Specialists responsible for the Food Stamp and Medi-Cal programs. In most counties, there was a separate interview for each program, and the interviews usually involved additional supporting staff. Total interview time was two to three hours. We then conducted a site visit involving a focus group with supervisors (about three) and a focus group with caseworkers (about half a dozen). Each of these focus groups ran about an hour and a half. During the site visits, we also collected written materials (e.g., Notices of Action, NOAs, informational packets).

This qualitative fieldwork was augmented by review of official documents and the secondary literature. The official documents included NOAs, regulations, All County Welfare Directors Letters (ACWDLs) from the California Department of Human Services (CDHS), All County Letters (ACLs) and All County Information Notices (ACIN) from the California Department of Social Services (CDSS), and state legislation.

QUANTITATIVE DATA SOURCES

In addition to these qualitative data sources, our analyses draw on several quantitative data sources. They include a household survey of current and recent CalWORKs recipients—the California Health and Social Services Survey (CHSSS). They also include data from several administrative data systems.

California Health and Social Services Survey

The California Health and Social Services Survey (CHSSS) was conducted as part of the California Department of Social Services-funded RAND Statewide CalWORKs Evaluation. The survey selected a sample of more than 2,000 households that had received cash assistance in the twelve months previous to sample selection in mid-1999. Thus, as of the initial survey in 1999-2000, some of the respondents were CalWORKs recipients and some had already left cash aid. Equal size samples were selected from Alameda, Butte, Fresno, Los Angeles, Sacramento, and San Diego Counties. A second wave of the survey, fielded in 2000-2001, reinterviewed the initial sample. With funding from the Welfare Policy
Research Project (WPRP), the second wave of the survey included an augmented series of questions on Food Stamp and Medi-Cal participation after leaving CalWORKs. Additional information on the survey can be found in Reardon, DeMartini, and Klerman (2004).

**MEDS-EDD Match File**

State-level data on enrollment in Medi-Cal is maintained in the Medi-Cal Eligibility Data System (MEDS). The MEDS contains monthly data on the enrollment in Medi-Cal (and by which eligibility option) for each individual organized by Social Security Number. In addition, administrative data on quarterly earnings are collected by the Employment Development Department in its administration of the Unemployment Insurance (UI) system. On a regular basis, the California Department of Social Services (CDSS) pulls earnings information for every SSN recently in the MEDS. Our tabulations of the number of leavers and their earnings in Appendix D are based on these matched MEDS-EDD data, where the MEDS data are aggregated to a quarterly frequency (anyone on CalWORKs/Medi-Cal in any month in the quarter is considered to be on CalWORKs/Medi-Cal for the entire quarter).
APPENDIX B. DETAILED INFORMATION ON COUNTIES VISITED

This appendix provides some summary information about the counties in which we did the fieldwork. The information is a combination of background information from secondary sources and information collected during the site visits. Table B.1 shows some additional county characteristics.

<table>
<thead>
<tr>
<th>County</th>
<th>Type</th>
<th>Caseload</th>
<th>EBT</th>
</tr>
</thead>
<tbody>
<tr>
<td>Butte</td>
<td>Rural</td>
<td>4,575</td>
<td>2/1/04</td>
</tr>
<tr>
<td>Los Angeles</td>
<td>Urban</td>
<td>192,529</td>
<td>7/1/03</td>
</tr>
<tr>
<td>Orange</td>
<td>Urban</td>
<td>19,469</td>
<td>3/1/03</td>
</tr>
<tr>
<td>Sacramento</td>
<td>Urban</td>
<td>28,708</td>
<td>3/1/04</td>
</tr>
<tr>
<td>San Diego</td>
<td>Urban</td>
<td>26,212</td>
<td>1998</td>
</tr>
<tr>
<td>Statewide</td>
<td>---</td>
<td>506,236</td>
<td>---</td>
</tr>
</tbody>
</table>

Notes: Caseload from CA 237 3/02 as of 2/18/03, line 8 (sum of all categories). EBT-Date of conversion to Food Stamp Electronic Benefit Transfer (Source: [http://www.убtproject.ca.gov/Library/generic_county_timeline.pdf](http://www.убtproject.ca.gov/Library/generic_county_timeline.pdf), [http://www.убtproject.ca.gov/County_implement_Sched.htm](http://www.убtproject.ca.gov/County_implement_Sched.htm))

Staffing structures are potentially quite complicated. See Klerman, Zellman, et al. (2000) and Klerman, Reardon, Cox, et al. (2003) for a discussion of the issues in the context of CalWORKs WTW programs. Table B.2 provides a tabular summary of the staffing structures for CalWORKs leavers. The table contains four columns corresponding to the four sets of tasks: CalWORKs welfare-to-work (WTW), CalWORKs eligibility (including cash assistance, Food Stamps, and Medi-Cal), post-CalWORKs (non-assistance) Food Stamps, and post-CalWORKs (non-assistance) Medi-Cal. The rows correspond to the five counties in which we did qualitative fieldwork. The interior of the cells gives the title of the worker doing the work. The boxes attempt to indicate where different tasks are performed by the same individual.
**Table B.2**  
Summary of Staffing Structures, by County

<table>
<thead>
<tr>
<th>County</th>
<th>CW WTW</th>
<th>CW Elig.</th>
<th>Food Stamps</th>
<th>Medi-Cal</th>
</tr>
</thead>
</table>
| Butte             | Employment and Eligibility Technician  
Employment Case Managers | Eligibility Technician (Food Stamp specialist) | Eligibility Technician (Medi-Cal specialist) |
| Los Angeles (some districts) | Sometimes outsourced <titles vary> | Eligibility Worker | Eligibility Worker | TMC Worker and then Eligibility Worker |
| Los Angeles (other districts) | Sometimes outsourced <titles vary> | Eligibility Worker | Eligibility Worker |
| Orange            | Sometimes outsourced <titles vary> | Eligibility and Employment Specialist | Eligibility Technician | TMC Worker and then Eligibility Technician |
| Sacramento        | Human Services Specialist   |                          |                           | TMC Worker and then Eligibility Technician |
| San Diego         | Sometimes outsourced <titles vary> | Eligibility Technician (ET) (CalWORKs) | Eligibility Technician (ET) (Medi-Cal Specialist) for initial enrollment of leavers and TMC; and then either sent to a centralized location or retained in the district where initial determination was performed |

Table B.3 summarizes the status of Medi-Cal managed care in each of California’s 58 counties. In general, private managed care is capitated (i.e., the managed care plan receives a fixed payment per person-month, regardless of actual usage). Unlisted counties have only fee for service. The following tables show Medi-Cal managed care plans by county. The managed care programs included here are: COHS, FFS-MC, GMC, and Two-Plan Model. Excluded are PHP, PCCM, and special projects (e.g., AIDS, SCAN).
<table>
<thead>
<tr>
<th>County</th>
<th>Program</th>
<th>LI/CP*</th>
<th>Plan Name</th>
<th>Start Date</th>
<th>Enrollment** as of July 2001</th>
</tr>
</thead>
<tbody>
<tr>
<td>Alameda</td>
<td>2-PLAN</td>
<td>LI</td>
<td>Alameda Alliance for Health</td>
<td>1/96</td>
<td>67,655</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>CP Blue Cross of California</td>
<td>7/96</td>
<td>27,536</td>
</tr>
<tr>
<td>Contra Costa</td>
<td>2-PLAN</td>
<td>LI</td>
<td>Contra Costa Health Plan</td>
<td>2/97</td>
<td>39,973</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>CP Blue Cross of California</td>
<td>6/98</td>
<td>4,911</td>
</tr>
<tr>
<td>Fresno</td>
<td>2-PLAN</td>
<td>CP</td>
<td>Health Net</td>
<td>1/97</td>
<td>29,149</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>CP Blue Cross of California</td>
<td>11/96</td>
<td>118,027</td>
</tr>
<tr>
<td>Kern</td>
<td>2-PLAN</td>
<td>LI</td>
<td>Kern Health Systems</td>
<td>7/96</td>
<td>58,145</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>CP Blue Cross of California</td>
<td>9/96</td>
<td>29,906</td>
</tr>
<tr>
<td>Los Angeles</td>
<td>2-PLAN</td>
<td>LI</td>
<td>LA Care Health Plan</td>
<td>4/97</td>
<td>709,768</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>CP Health Net</td>
<td>7/97</td>
<td>465,630</td>
</tr>
<tr>
<td>Monterey</td>
<td>COHS</td>
<td></td>
<td>Central Coast Alliance For Health</td>
<td>10/99</td>
<td>47,866</td>
</tr>
<tr>
<td>Napa</td>
<td>COHS</td>
<td></td>
<td>Partnership Health Plan of California</td>
<td>3/98</td>
<td>8,303</td>
</tr>
<tr>
<td>Orange</td>
<td>COHS</td>
<td></td>
<td>CalOPTIMA</td>
<td>10/95</td>
<td>239,292</td>
</tr>
<tr>
<td>Placer ***</td>
<td>FFS/MC</td>
<td></td>
<td>Placer County Managed Care Network</td>
<td>10/97</td>
<td>11,576</td>
</tr>
<tr>
<td>Riverside</td>
<td>2-PLAN</td>
<td>LI</td>
<td>Inland Empire Health Plan</td>
<td>9/96</td>
<td>80,534</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>CP Molina Healthcare</td>
<td>3/98</td>
<td>30,581</td>
</tr>
<tr>
<td>Sacramento</td>
<td>GMC</td>
<td></td>
<td>Blue Cross of California</td>
<td>4/94</td>
<td>71,637</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Health Net</td>
<td>5/96</td>
<td>28,920</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Kaiser Foundation Health Plan</td>
<td>4/94</td>
<td>19,722</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Maxicare Health Plans</td>
<td>6/98</td>
<td>7,888</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Blue Cross (thru 3/01 - formerly OMNI)</td>
<td>4/94</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Western Health Advantage</td>
<td>5/97</td>
<td>14,937</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Molina Healthcare</td>
<td>2/00</td>
<td>15,208</td>
</tr>
<tr>
<td>San Bernardino</td>
<td>2-PLAN</td>
<td>LI</td>
<td>Inland Empire Health Plan</td>
<td>9/96</td>
<td>110,511</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>CP Molina Healthcare</td>
<td>3/98</td>
<td>42,531</td>
</tr>
<tr>
<td>San Diego****</td>
<td>GMC</td>
<td></td>
<td>Blue Cross of California</td>
<td>7/98</td>
<td>13,041</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Community Health Group</td>
<td>7/98</td>
<td>65,423</td>
</tr>
<tr>
<td>City/County</td>
<td>Plan Type</td>
<td>Plan Name</td>
<td>Date</td>
<td>Eligibles</td>
<td></td>
</tr>
<tr>
<td>---------------------</td>
<td>-----------</td>
<td>----------------------------------------</td>
<td>------</td>
<td>-----------</td>
<td></td>
</tr>
<tr>
<td>San Francisco</td>
<td>2-PLAN LI</td>
<td>San Francisco Health Plan</td>
<td>1/97</td>
<td>25,620</td>
<td></td>
</tr>
<tr>
<td></td>
<td>CP</td>
<td>Blue Cross of California</td>
<td>7/96</td>
<td>14,904</td>
<td></td>
</tr>
<tr>
<td>San Joaquin</td>
<td>2-PLAN LI</td>
<td>Health Plan of San Joaquin</td>
<td>2/96</td>
<td>49,209</td>
<td></td>
</tr>
<tr>
<td></td>
<td>CP</td>
<td>Blue Cross of California</td>
<td>1/97</td>
<td>14,285</td>
<td></td>
</tr>
<tr>
<td>San Mateo</td>
<td>COHS</td>
<td>Health Plan of San Mateo</td>
<td>12/87</td>
<td>38,421</td>
<td></td>
</tr>
<tr>
<td>Santa Barbara</td>
<td>COHS</td>
<td>Santa Barbara Health Initiative</td>
<td>9/83</td>
<td>44,591</td>
<td></td>
</tr>
<tr>
<td>Santa Clara</td>
<td>2-PLAN LI</td>
<td>Santa Clara Family Health Plan</td>
<td>2/97</td>
<td>41,716</td>
<td></td>
</tr>
<tr>
<td></td>
<td>CP</td>
<td>Blue Cross of California</td>
<td>10/96</td>
<td>21,154</td>
<td></td>
</tr>
<tr>
<td>Santa Cruz</td>
<td>COHS</td>
<td>Central Coast Alliance for Health</td>
<td>1/96</td>
<td>23,004</td>
<td></td>
</tr>
<tr>
<td>Solano</td>
<td>COHS</td>
<td>Partnership Health Plan of California</td>
<td>5/94</td>
<td>40,881</td>
<td></td>
</tr>
<tr>
<td>Sonoma ***</td>
<td>FFS/MC</td>
<td>Sonoma Partners for Health Managed Care</td>
<td>3/97</td>
<td>25,613</td>
<td></td>
</tr>
<tr>
<td>Stanislaus</td>
<td>2-PLAN LI</td>
<td>Blue Cross of California/SLI</td>
<td>10/97</td>
<td>27,903</td>
<td></td>
</tr>
<tr>
<td>Tulare</td>
<td>2-PLAN LI</td>
<td>Blue Cross of California</td>
<td>3/99</td>
<td>49,134</td>
<td></td>
</tr>
<tr>
<td></td>
<td>CP</td>
<td>Health Net</td>
<td>2/99</td>
<td>16,718</td>
<td></td>
</tr>
<tr>
<td>Yolo</td>
<td>COHS</td>
<td>Partnership Health Plan of California</td>
<td>3/01</td>
<td>21,083</td>
<td></td>
</tr>
</tbody>
</table>

**SOURCE:** Klein, Jim, and Celine Donaldson, California Department of Health Services, Medical Care Statistics Section, Sacramento, CA, “Managed Care Annual Statistical Report,” March 2002. [http://www.dhs.ca.gov/mcss/PublishedReports/annual/managed_care/mcanual02/Managed%20Care%20Annual%20Report%202002%20Ver.2.pdf](http://www.dhs.ca.gov/mcss/PublishedReports/annual/managed_care/mcanual02/Managed%20Care%20Annual%20Report%202002%20Ver.2.pdf)

**NOTES:** In COHS counties, managed care is mandatory for essentially all Medi-Cal participants. In GMC, Two-Plan, and FFS/MC counties, whether managed care is an option varies by aid code, but the main aid codes of interest to this study (Edwards v. Kaiser, 1931(b), Transitional Medi-Cal, Medically Needy) are all mandatory. The main exceptions are Long Term Care, Share of Cost, and SSI/SSP which are often voluntary managed care.

* “LI” stands for Local Initiative; “CP” stands for Commercial Plan.

** Source for number of eligibles for all plans except FFS/MC is the Monthly Medi-Cal Eligibility File.

*** Source for FFS/MC eligible counts is the Monthly Enrollment Report provided by the Managed Care Fiscal Monitoring Unit.

****The official name for the San Diego GMC is “Healthy San Diego.”
This study focuses on program take-up among CalWORKs leavers. To understand the discussion in the body of the text, it is useful to have a clear understanding of the formal procedures for leaving cash aid. This appendix attempts to provide that detail. It begins with the CW 7 form and an overview of the monthly reporting timeline. It then discusses “reasons” for leaving cash assistance. Finally, it presents and discusses some of the official Notices of Action (NOAs) of particular relevance to this study.

THE MONTHLY ELIGIBILITY REPORT (CW 7)

Under the current system (at least through our fieldwork in late 2002; apparently about to change in Summer 2003), recipients of cash assistance (AFDC/CalWORKs) and Food Stamps are required to submit a monthly two-page statement of facts known as the CW 7 (Figures C.1 and C.2). The form requests information on earnings, other sources of income, household composition, and other information needed to determine the eligibility for, and the amount of, CalWORKs and Food Stamp benefits. Failure to file the report results in termination of the CalWORKs and Food Stamp cases. Because of this serious consequence, considerable due-process protections are built into the system.
Complete, sign, and return this report by the 5th of the month.
- If you do not send in a complete report including but not limited to answering all questions and attaching proof when we ask for it, your benefits may be delayed, changed, or stopped. Attach a separate sheet of paper if needed.
- You must report within 5 days any change that may affect your eligibility for or the amount of your cash aid.
- If you get food stamps, answer for everyone in your household. If you do not get food stamps, answer for everyone on cash aid, including children, parents, stepparents, your spouse, and anyone temporarily absent from the home.
- Facts you report may result in your benefits going up, down, or being stopped.

Need Help? Call your worker.

Worker:  
Phone:

1. Did anyone get money from a job or training program?
   - If "YES", complete below. Include tips, vacation pay, or income in kind, such as earned housing. List gross amounts before deductions for each week in the month. Attach paystubs or other proof of earnings.
   - If self-employed: For Food Stamps: List business costs on a separate sheet of paper and attach proof of income and costs. Attach proof of income. If you claim actual expenses, list business expenses on a separate sheet of paper and attach proof of expenses.

<table>
<thead>
<tr>
<th>Who Gets Income</th>
<th>Employer's Name (Optional)</th>
<th>Gross Amount</th>
<th>Actual Tax</th>
<th>Actual State</th>
<th>Actual Federal</th>
<th>Actual Other</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
</tr>
</tbody>
</table>

2. If anyone above paid for care of a child, disabled person or other dependent while working, seeking work, or in training, list here and attach proof of payment.

<table>
<thead>
<tr>
<th>Name of Person Who Received Care</th>
<th>Cost</th>
<th>Name of Person Who Received Care</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

3. Did anyone receive money or benefits from any other source?
   - Include: Child/spousal support, interest or dividends; gambling/lottery winnings; insurance or legal settlements; strike benefits; cash, gifts, loans, scholarships, tax refunds; any government benefits, like Social Security, Supplemental Security Income, State Supplementary Payment (SSI/SSP), unemployment, workers compensation, state disability indemnities, veterans of railroad retirement, other private or government disability or retirement income, and rental assistance; free housing/Utilities/clothing/food, or anything else. If "YES", complete below. Attach proof.

<table>
<thead>
<tr>
<th>Who Gets Income</th>
<th>Source of Income</th>
<th>Gross Amount</th>
<th>Actual Tax</th>
<th>Actual State</th>
<th>Actual Federal</th>
<th>Actual Other</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
</tr>
</tbody>
</table>

4. If anyone gets food stamps and paid court ordered child support this month, list the amount they paid. Report any changes in the court order. Attach proof.

5. During this report month has anyone of the household been avoided or running from the law to avoid a felony prosecution, custody or confinement after conviction, or in violation of probation or parole?
   - If "YES", who?
   - If "NO", answer:

COUNTY USE ONLY  
E.W. INITIALS  
DATE

Figure C.1—CW 7 (First Page)
Figure C.2—CW 7 (Second Page)
REASONS FOR DISCONTINUANCE

CWDs are required to report to CDSS the “reasons for discontinuance of cash grant” monthly on the CA 253 form. Table C.1 reproduces the county responses for September 2002, aggregated to the state level.

Table C.1
CA 253 – Reasons for Discontinuances of Cash Grant
Statewide, September 2002 (Version 1)

<table>
<thead>
<tr>
<th>Reason</th>
<th>Two Parent Families</th>
<th>Zero Parent Families</th>
<th>All Other Families</th>
<th>TANF Timed-Out Cases</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Total cases discontinued during the month</td>
<td>4,846</td>
<td>9,645</td>
<td>26,210</td>
<td>2,320</td>
</tr>
<tr>
<td>2. Cases with no eligible child</td>
<td>181</td>
<td>1,451</td>
<td>1,964</td>
<td>146</td>
</tr>
<tr>
<td>3. Cases with children no longer deprived of support or care</td>
<td>5</td>
<td>56</td>
<td>92</td>
<td>7</td>
</tr>
<tr>
<td>4. Cases with resources that exceed limits</td>
<td>35</td>
<td>22</td>
<td>138</td>
<td>23</td>
</tr>
<tr>
<td>5. Cases with income that exceeds standards (Items 5a through 5e)</td>
<td>987</td>
<td>700</td>
<td>3,332</td>
<td>247</td>
</tr>
<tr>
<td>a. Earnings increased</td>
<td>510</td>
<td>255</td>
<td>1,229</td>
<td>190</td>
</tr>
<tr>
<td>b. Benefits or pensions increased</td>
<td>82</td>
<td>95</td>
<td>345</td>
<td>22</td>
</tr>
<tr>
<td>c. Support from person inside home increased</td>
<td>373</td>
<td>276</td>
<td>1,500</td>
<td>8</td>
</tr>
<tr>
<td>d. Support from person outside home increased</td>
<td>0</td>
<td>5</td>
<td>13</td>
<td>1</td>
</tr>
<tr>
<td>e. Requirements reduced</td>
<td>22</td>
<td>69</td>
<td>245</td>
<td>26</td>
</tr>
<tr>
<td>6. Cases with client who moved or cannot be located</td>
<td>139</td>
<td>296</td>
<td>964</td>
<td>65</td>
</tr>
<tr>
<td>7. Cases discontinued due to recipient initiative</td>
<td>3,288</td>
<td>6,644</td>
<td>18,441</td>
<td>1,735</td>
</tr>
<tr>
<td>a. Cases discontinued due to CW 7 noncompliance</td>
<td>2,494</td>
<td>5,002</td>
<td>14,303</td>
<td>1,254</td>
</tr>
<tr>
<td>8. Cases excluded by law for reasons other than time limits and citizenship</td>
<td>52</td>
<td>150</td>
<td>283</td>
<td>16</td>
</tr>
<tr>
<td>9. Cases discontinued due to expiration of CalWORKs 60-month time limits</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>10. Cases transferred to another county</td>
<td>152</td>
<td>298</td>
<td>979</td>
<td>79</td>
</tr>
<tr>
<td>11. Cases transferred to Kin-GAP Program</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>12. Cases transferred to Foster Care Program</td>
<td>7</td>
<td>8</td>
<td>17</td>
<td>2</td>
</tr>
</tbody>
</table>

The most important observation about Table C.1 is how uninformative it is. Table C.1 provides the formal reason for termination: Failure to file a CW 7 (Line 7A), other client requests (Line 7 less Line 7A), income above the standards (Line 5), moved/unable to locate (Line 6). These categories, however, are uninformative about the “true” reason for exit. Those with increases in income (i.e., should be in Line 5) will often simply not file a CW 7 (i.e., they appear in Line 7A). As an interviewee explained:
“Clients make a self-determination. They got a job. They figure they are probably not eligible, so they don’t send it [the CW 7] in.”

Similarly, those who move (i.e., should be in Line 6) will often not have mail returned, so they are simply recorded as did not file a CW 7 (i.e., they appear in Line 7A).

Nevertheless, these are exactly the categories of relevance to county actions with respect to CalWORKs leavers. Across the four aid types, by far the most common reason for discontinuance is “CW 7 noncompliance,” usually failure to file a CW 7 at all (occasionally failure to correct omissions or clear errors). Those discontinuances represent more than half the terminations. The next most common cause is other “recipient initiative” (i.e., Line 7 less Line 7A), usually the recipient asks to terminate cash assistance or fails to complete the annual in-person redetermination. Less common, but not rare, is “income exceeds the limit,” usually the recipient files a CW 7, but it indicates income too high to qualify for cash assistance. Note, however, that termination due to reported increase in own earning is relatively rare. More common are increases in income for persons inside the household. “Client who moved or cannot be located” is rare.

Note that given the requirement for a monthly CW 7, terminations in Lines 7A (CW 7 noncompliance) and some of the other lines will also automatically terminate Food Stamps.

For Medi-Cal, these varying formal reasons for termination trigger different specific procedures required by the ACWDL implementing SB 87 (ACWDL 01-17). See the discussion in the body of the report.

THE MONTHLY REPORTING TIME LINE

The lives of CalWORKs and Food Stamp (but not Medi-Cal) recipients and CWD EW are determined by the monthly reporting time line. Table C.2 attempts to summarize the timeline. To provide a specific example, it considers the time line for the CalWORKs check and Food Stamp benefits for the month of March. This schedule recurs every month; thus, the timelines for the months overlap.
### Table C.2

**CW 7 (Monthly Status Report) Timeline**

<table>
<thead>
<tr>
<th>Date</th>
<th>Action</th>
</tr>
</thead>
<tbody>
<tr>
<td>Late-January</td>
<td>Mail out CW 7 (to arrive February 1)</td>
</tr>
<tr>
<td>February 5</td>
<td>CW 7 due, reporting on income and other status in January</td>
</tr>
<tr>
<td>February 10-12</td>
<td>Most CW 7s arrive. A recipient cannot complete his/her CW 7s until he/she receives her/his paychecks, makes copies, and mails back the packages.</td>
</tr>
<tr>
<td>February 11</td>
<td>If CW 7 not received X-NOA (NOA 960-X) mailed out. Some offices and workers delay mailing this notice until later (perhaps the 16th-19th). A later mailing allows more late CW 7s to arrive, obviating the need for the NOA 960-X. However, a mailing later than about the 11th implies that any information received on the CW 7 cannot be used to adjust the value of the check.</td>
</tr>
<tr>
<td>February 20</td>
<td>Follow-up phone call.</td>
</tr>
<tr>
<td>February 21</td>
<td>If CW 7 not received, send Balderas Notice (10-day notice) notifying family of intention to terminate cash assistance. This mailing is sometimes referred to as the Balderas Notice, after the Balderas v. Woods court case that requires it.</td>
</tr>
<tr>
<td>February 22</td>
<td>Last day for receipt of CW 7 for benefit check to be mailed out in the regular mailing</td>
</tr>
<tr>
<td>February 25</td>
<td>Regular mailing of March benefit checks</td>
</tr>
<tr>
<td>March 1</td>
<td>March benefit checks received (for those who filed a valid CW 7 by the deadline). Last date to file a CW 7; CW 7s filed between February 22 and March 1 result in a late check. CW 7s for January filed after March 1 do not result in a check for March.</td>
</tr>
<tr>
<td>March 1-</td>
<td>Not having received a check, some families come in to reapply, leading to restoration of benefits for part of March (pro-rated as of application date).</td>
</tr>
<tr>
<td>March 10</td>
<td>List of closed (and not immediately restored) cases passed to Medi-Cal workers so that they can begin the Edwards/1931(b)/TMC process (see below for details).</td>
</tr>
<tr>
<td>(and later)</td>
<td></td>
</tr>
</tbody>
</table>

Note: Exact dates will vary by a few days with day of the week and holidays.

Actual termination from cash assistance then begins a new timeline for determination of continued eligibility for Medi-Cal. As is discussed in Chapter 3, the procedures for this determination were totally revamped by SB 87. Table 3.1 considers the various reasons for termination and their eligibility for *ex parte* reviews, Edwards/Aid Code 38, and 1931(b). Many terminations – in particular, no CW 7, but remaining Medi-Cal certification period – should be enrolled under the provisions of 1931(b) without additional recipient input (and usually in well under a month).
For terminations requiring additional input (e.g., end of Medi-Cal certification period, in some counties “no visible means of support”), the designated worker (in several counties the “TMC Worker,” see Table B.2) reviews the file, establishes that additional information is needed, and mails out the MC 355 request for information. This mailing triggers a second time line which must be completed before Medi-Cal can be terminated for non-response. Continuing our example of a March 1 termination of cash assistance, Table C.3 summarizes the key checkpoints in that timeline and the approximate timing of each of those check points. This timeline suggests that if additional input is needed, few cases would be terminated in the second month and some might roll over into the fourth month.
Table C.3
MC 355 (Request for Information) Timeline

<table>
<thead>
<tr>
<th>Date</th>
<th>Action</th>
</tr>
</thead>
<tbody>
<tr>
<td>March 1</td>
<td>Case closes.</td>
</tr>
<tr>
<td>March 7</td>
<td>Computer-generate list of terminating cases (wait until 7th to capture immediate restatements).</td>
</tr>
<tr>
<td>About March 14</td>
<td>Report reaches TMC worker who processes each case.</td>
</tr>
<tr>
<td></td>
<td>Cases are then triaged:</td>
</tr>
<tr>
<td></td>
<td><strong>Immediate termination:</strong> Dropped from Edwards/Aid Code 38 within one month.</td>
</tr>
<tr>
<td></td>
<td><strong>Immediate conversion to another aid code (usually 1931(b)/3N):</strong> Dropped from Edwards/Aid Code 38 within one month</td>
</tr>
<tr>
<td></td>
<td><strong>Successful ex parte review – transferred to another aid code:</strong> Dropped in one or two months (depending on time required to complete the ex parte review).</td>
</tr>
<tr>
<td></td>
<td><strong>Unsuccessful ex parte review, additional information needed:</strong> mail out MC 355 “request for additional information” with 20-day window.</td>
</tr>
<tr>
<td>April 7</td>
<td>Complete MC 355 returned: Transferred from Edwards/Aid Code 38 in second month.</td>
</tr>
<tr>
<td></td>
<td>No MC 355 received: Send out 10-day notice (i.e., reminder)</td>
</tr>
<tr>
<td></td>
<td>Incomplete (e.g., information, verification, signature) MC 355 received: Contact beneficiary by phone or send second MC 355, allowing 10 more days.</td>
</tr>
<tr>
<td>April 17</td>
<td>No MC 355 received by 10-day notice: Case terminated in second month; if caseworker does not handle all casework promptly, the termination may not occur until into the third month.</td>
</tr>
<tr>
<td></td>
<td>No response to request for additional information: Begin 10-day notice period.</td>
</tr>
<tr>
<td>April 27</td>
<td>No completed MC 355 received in response to request for completion: Terminate Edwards/Aid Code 38. Note that if the caseworker responds immediately to each tickler, this could possibly occur in the second month, but usually it will roll into the third month, or even the fourth month if the caseworker is busy.</td>
</tr>
</tbody>
</table>

This is the internal process for the CWD. As long as a response from the recipient is received eventually, the process is seamless to the recipient. Medi-Cal continues throughout the process.

NOTICE OF ACTION LANGUAGE FOR ENDING CALWORKS AND FOOD STAMPS

As Table C.2 details, several checkpoints in this timeline generate official NOAs. These NOAs were revised in early 2002 to be consistent with SB 87. (See the discussion of SB 87 in Chapter 2.) The revised
NOAs are included in CDHS ACIN I-08-02 (“Revised CalWORKs NOA Messages and NA Forms Affected by SB 87,” January 28, 2002; see also CDHS ACWDL 01-33 and CDHS ACWDL 02-48).

**Income Above the CalWORKs Limit**

When a CW 7 is filed and indicates that income is above the CalWORKs income limit, the M44-207K (Box C.1) and NOA 210 (Box C.2) notices are sent. Cash aid (CalWORKs) is suspended. The Food Stamp income limit is slightly (see the beginning of Chapter 2) higher than the CalWORKs limit, so income above the CalWORKs limit does not (necessarily) terminate Food Stamps. Thus, these materials state: “This notice DOES NOT stop or change your food stamp benefits. You will get a separate notice telling you about any changes to your food stamp benefits.”

**Box C.1**

**M44 – 207K DISCONTINUE: FINANCIAL ELIGIBILITY**

MESSAGE:

As of ______, the County is stopping your cash aid.

Here’s why:

You cannot get cash aid if your family’s net countable income is more than the maximum aid payment set by the state.

Your family’s needs and income are figured on this page.

Medi-Cal: This notice DOES NOT change or stop Medi-Cal benefits. Keep using your plastic Benefits Identification Card(s). You will get another notice telling you about any changes to your health benefits.

Food Stamps: This notice DOES NOT stop or change your food stamp benefits. You will get a separate notice telling you about any changes to your food stamp benefits.

Receiving Medi-Cal and/or food stamps only DOES NOT count against your cash aid time limits.

INSTRUCTIONS: Use to discontinue cash aid when the family’s income (AU + Non-AU members) is more than MAP.

Medi-Cal also has a higher income limit. Thus, these materials state: “This notice DOES NOT change or stop Medi-Cal benefits. Keep using your plastic Benefits Identification Card(s). You will get another notice telling you about any changes to your health benefits.” The details of Medi-Cal’s treatment of an increase in income are complicated. We discuss them in Chapter 3.
Box C.2
NOA 210 (1/02) DISCONTINUE, SUSPEND=FINANCIAL ELIGIBILITY

**Medi-Cal:** This notice DOES NOT change or stop Medi-Cal Benefits.

**Keep using your plastic Benefits Identification Card(s).** You will get another notice telling you about any changes to your health benefits.

**Food Stamps:** This notice DOES NOT stop or change your food stamp benefits. You will get a separate notice telling you about any changes to your food stamp benefits.

Receiving Medi-Cal and/or food stamps only DOES NOT count against your cash aid time limits.

The NOA also includes a budget (Net Countable Income vs. Maximum Aid Payment) to demonstrate the loss of financial eligibility.

**No CW 7**

When a CW 7 is not filed, NOA 960X is sent (see Box C.3). Below, we provide the language for this NOA included in ACIN I-08-02. Note that both cash aid (CalWORKs) and Food Stamps require a monthly status report, so both programs are suspended by this NOA. Medi-Cal does not require a monthly status report, so Medi-Cal coverage is not affected by failure to file a CW 7.
## Box C.3

**NOA 960X (1/02) STOP AID; REPORT NOT RECEIVED**

As of _______________________, the County is stopping your:

- Cash Aid
- Food Stamps

Here’s why:

As of the 11th of this month, the County has not received your eligibility report (CW 7 or SAWS 7) due this month.

**TO STOP THIS ACTION,** the County must RECEIVE your COMPLETE report no later than the FIRST WORKING DAY OF NEXT MONTH.

The information you give us may change or stop your cash aid and food stamps.

**YOU MUST RETURN THE CW 7/SAWS 7 IF YOU WANT TO CONTINUE TO GET CALWORKS CASH AID.**

**Food Stamps Only:**

You must report any new household members and their social security numbers. If you have already reported a new member but not their social security number, it must be reported now.

If you need help in completing the report, the County will help you to do so. Please contact the County and ask for help.

**Medi-Cal:** This notice DOES NOT change or stop Medi-Cal Benefits. Keep using your plastic Benefits Identification Card(s). You will get another notice telling you about any changes to your health benefits.

Receiving Medi-Cal and/or food stamps only DOES NOT count against your cash aid time limits.
Box C.4
Sacramento NOA CDS X-0 – Discontinuance Reminder

As of Apr 30, 2002 the county is stopping your:

......Cash Aid ...... Food Stamps ......CalLearn

Here's why:

You must give us a monthly eligibility report (CW 7) each month to figure your eligibility for cash aid and Food Stamps. As of the 11th of this month, the county has not received your CW 7 for Mar 2002.

You will get another CW 7 in the mail soon. You must complete the CW 7 and send it to us as soon as possible. If we get the CW 7 on or before the first working day of next month, the county will not stop your cash aid, but you will not get your check until about the 5th day of the month. You will get Food Stamps only if the CW 7 is completed correctly.

If you have a good reason for not sending your CW 7 or your earnings information to us, tell your worker the reason on or before the 1st of next month.

Although your cash aid has been discontinued, your Medi-Cal will continue under the Section 1931(b) program. This program provides no-cost Medi-Cal benefits to certain low-income persons with eligible children. You do not have to fill out monthly or quarterly status reports to keep Medi-Cal and receipt of these benefits will not count against any calworks program time limits.

**Food Stamps only**

You must report any new household members and their social security numbers. If you have already reported a new member but not their social security number, it must be reported now.

If you need help in completing the monthly report, your worker will help you to do so. Please contact your worker to ask for help. All offices are open between 8am and 5pm Monday through Friday. Some offices have extended hours. Contact your worker to see if your office has extended hours.

You will get another notice about your Medi-Cal. Keep your plastic benefits identification card(s).

Sacramento County uses language that is slightly more expansive. The first NOA for no CW 7 reads (CDS X-O No CW 7, Discontinuance Reminder). The second NOA for no CW 7 (CDS 715-1 Reminder Notice, Balderas v. Woods) reads (see Box C.5):
Box C.5
Sacramento NOA CDS 715-1 – Reminder Notice, Balderas v. Woods

Your monthly eligibility report (CW 7) is overdue.
Your CW 7 was due on the fifth of this month.
..X.. I did not get it.
…… I got it but it was not complete.
I could not reach you by telephone, so I am sending you this reminder.
You may either mail your completed CW 7 or bring it into your county welfare office.
If I do not get your completed CW 7 by the first working day of next month, you will not get a cash grant next month.

The text of the whereabouts unknown NOA is as follows (CDS 098--Whereabouts Unknown):

Box C.6
Sacramento NOA CDS 098 – Whereabouts Unknown

As of Apr 30, 2002, the county is stopping your cash aid and cash-based Medi-Cal.
Here’s why—
We don’t know where you are, and you have not kept in contact with this agency.
It is your responsibility to inform the welfare department of any changes in your circumstances which may affect your eligibility.
If you were getting Food Stamps along with your cash aid, you will still get Food Stamps unless you get a notice telling you that your Food Stamps will stop too. You still must send in your monthly CW 7 income report. You do not need to apply for Food Stamps. Please call your AFDC worker if you have any questions about your Food Stamps.
People who are eligible for Medi-Cal benefits have received a plastic benefits identification card (BIC) in the mail. Do not throw away the plastic ID card. You can use it again if you become eligible for Medi-Cal in the near future.

NOTICE OF ACTION LANGUAGE FOR MEDI-CAL
Table C.3 (above) listed the checkpoints in the Medi-Cal timeline which generate their own NOAs. These NOAs were revised in early 2002 to conform to SB 87. (See the discussion of SB 87 in Chapter 2.) The revised NOAs are included in CDHS ACIN I-08-02 (“Revised CalWORKs NOA Messages and NA Forms Affected by SB 87,” January 28, 2002; see also CDHS ACWDL 01-33 and CDHS ACWDL 02-48).

ACWDL 02-48 provides the revised NOA informing CalWORKs leavers that their Medi-Cal will continue under 1931(b). This is the other “notice telling you about any change in your health benefits.”

Although your cash benefits for the California Work Opportunity and Responsibility to Kids (CalWORKs) program have stopped, your Medi-Cal will continue under the Section 1931(b) program. This program provides no-cost Medi-Cal benefits to certain low-income persons with eligible children.

You do not have to fill out monthly or quarterly status reports to keep Medi-Cal; however, if your cash benefits stopped because you did not return your CalWORKs monthly report and you had changes that you haven’t reported to your cash worker, you must report those to your Medi-Cal worker now.

Receiving these Medi-Cal benefits does not count against any CalWORKs program time limits.

In order to remain eligible for this Medi-Cal program, you must:

- Have an eligible child living in the home who qualifies for Medi-Cal with no share-of-cost because one parent is deceased, absent, incapacitated, unemployed (or working with limited earnings), or you must be an eligible child living with a relative.

- Have income and property under a certain limit.

- Continue to meet all other Medi-Cal requirements.

- Report within ten days any significant changes that could affect your eligibility such as changes in your income, property, medical condition, or household situation.

- Complete the form for your Medi-Cal annual review when it is sent to you.

Always show your Benefits Identification Card (BIC) to your medical provider whenever you need care. This card is good as long as you are eligible for Medi-Cal. DO NOT THROW AWAY YOUR PLASTIC BIC.

The regulation that requires this action is California Code of Regulations, Title 22, Section 50226.
promised in the CalWORKs termination NOAs (e.g., M44 and NOA 210, quoted above).
The SB 87 procedures were specifically designed to minimize requests for information from recipients in the re-enrollment process. Such contact is, however, sometimes needed. ACWDL 02-48 provides a two-page form for such requests.

MEDI-CAL REQUEST FOR INFORMATION

ATTENTION: READ THIS SIDE FIRST

The information requested on the back of this form is needed to complete our review of your continued eligibility for Medi-Cal benefits.

REMEMBER!!!

- Even if you are employed, you may be eligible to receive Medi-Cal benefits.
- Receipt of Medi-Cal does not count against any CalWORKs time limits.
- You do not have to receive CalWORKs to receive Medi-Cal benefits.

IMPORTANT!!!

- You may still be eligible if you are:
  - under the age of 21;
  - at least age 65 or older;
  - disabled;
  - blind;
  - pregnant;
  - a parent or caretaker relative of a child (under the age of 21) who has at least one parent either absent, deceased, incapacitated, or unemployed/underemployed;
  - have tuberculosis or receive dialysis;
  - living in a long-term care facility;
  - a refugee who has been in the country eight months or less;
  - receiving SSI benefits;
  - receiving CalWORKs benefits; or
  - eligible for special programs (i.e., TMC, QMB, percentage programs, etc.).

If you have any questions or need more information about this form, call your eligibility worker whose name and telephone number are listed at the top of this form.

IMPORTANT!

PLEASE READ THE OTHER SIDE OF THIS FORM.
MEDICAL REQUEST FOR INFORMATION
WE NEED ONLY THE INFORMATION REQUESTED BELOW.

Income
☐ A copy of the most recent pay stub or statement from your employer about your job (how much you are paid, how often you are paid, how many hours you work) for each of your jobs (if you have more than one) or a copy of your most recent tax return. This will help us decide if you are eligible for free Medi-Cal or will have a "share-of-cost."
☐ Your signed statement about your job (or jobs) if you do not get pay stubs and cannot get a statement from your employer (or employers).
☐ Schedule C if self-employed.
☐ Proof of unemployment or disability benefits—a copy of benefits stub or award letter.
☐ Proof of social security benefits received—a copy of paid benefits stub or award letter.

Income Deductions
☐ A copy of checks or receipts of child care, child support, alimony, or health insurance paid.

Personal or Real Property
☐ A copy of vehicle registration (if more than one vehicle owned).
☐ A copy of your most recent bank statement (checking, savings account, etc.).
☐ A copy of fire insurance policy, stocks, bonds, retirement account statement.

Information on Person(s) Requesting Medi-Cal
(If you are an immigrant and don’t have a social security card or immigration documentation to give us, you may still qualify for emergency and pregnancy-related services.)
☐ Social security number for ________________________.
☐ A copy of your California driver's license or a photo ID for: ________________________
☐ A copy of immigration documentation or card (if card, a copy of both sides) for: ________________________

Residence
☐ Verification of your current address [rent receipt, utility bill, etc.].

Disability/Incapacity
☐ Social security award letter for disability.
☐ Other proof that you have a physical, mental, or emotional disability that will last 12 months or more.
☐ Proof of incapacity—such as a doctor’s statement that you can’t work for at least 30 days.

Other
☐ ________________________

☐ Check this box if you think you or any family member receiving Medi-Cal is disabled.

We must receive this information by _______________________. Otherwise, we may begin the process to stop your Medi-Cal benefits! (A prepaid self-addressed envelope is provided for your convenience.)

HELP US TO KEEP IN TOUCH WITH YOU!
Call your eligibility worker if you have a change of address or telephone number.
(The name and telephone number are listed on the other side of this page at the top.)
Even with SB 87, federal regulations continue to require an annual recertification for Medi-Cal. Orange County’s text for the corresponding NOA follows.

**NOTICE 790 SEQUENCE J LANG E**
**SECOND NOA**

MEDI-CAL REGULATIONS REQUIRE THAT ELIGIBILITY FOR CONTINUED BENEFITS BE REVIEWED YEARLY. INCLUDED WITH THIS LETTER IS A REDETERMINATION PACKET. PLEASE READ THE FOLLOWING INSTRUCTIONS BEFORE COMPLETING THE FORMS. IF YOU HAVE ANY QUESTIONS, YOU MAY CALL ME AT THE NUMBER LISTED ABOVE.

1. COMPLETE THE ENCLOSED FORMS VERY CAREFULLY. THE FORMS MUST BE SIGNED/COMPLETED IN INK SINCE YOU ARE SIGNING UNDER PENALTY OF PERJURY.
2. REVIEW THE LIST OF VERIFICATIONS AT THE BOTTOM OF THIS LETTER AND DECIDE IF ANY ITEM APPLIES TO YOUR CURRENT CIRCUMSTANCES.
3. IF YOU HAVE QUESTIONS ABOUT ANY SECTION ON THE FORMS OR ANY ITEM REQUIRING VERIFICATION, CALL ME BEFORE YOU MAIL THE FORMS. I WILL BE ABLE TO ANSWER YOUR QUESTIONS.
4. READ THE FORM TITLED "IMPORTANT INFORMATION FOR PERSONS REQUESTING MEDI-CAL". IF YOU HAVE ANY QUESTIONS REGARDING THIS FORM, PLEASE CALL ME. KEEP THE ENTIRE FORM.
5. COMPLETE AND SIGN THE FORM TITLED "STATEMENT OF FACTS (MEDI-CAL)".
6. MAIL THE FORMS AND VERIFICATIONS AS SOON AS POSSIBLE.

*********WRITE MY WORKER NUMBER ON THE ENVELOPE **********

IT IS IMPORTANT THAT YOU RETURN THESE PAPERS AS QUICKLY AS POSSIBLE. IF THEY ARE NOT RETURNED YOU WILL BE ISSUED A NOTICE ADVISING THAT YOUR MEDI-CAL WILL BE DISCONTINUED FOR FAILURE TO COOPERATE.

YOU WILL ONLY NEED TO PROVIDE VERIFICATIONS FOR ANY ITEM THAT HAS CHANGED OR IS NEW, SINCE YOUR LAST REVIEW.

VERIFICATIONS REQUIRED: (PHOTOCOPIES ARE ACCEPTABLE)
A. PROOF OF ANY MONEY RECEIVED MONTHLY (INCLUDE INCOME RECEIVED FROM CONTRIBUTIONS, ROOM AND BOARD, ALIMONY/CHILD SUPPORT AND SELF EMPLOYMENT). IF DIRECT DEPOSIT, SEND COPY OF CURRENT BANK STATEMENT.

B. VERIFICATION OF ALL INCOME DEDUCTIONS. (CHILD SUPPORT PAID OR CHILD CARE).

C. VERIFICATION OF CASH SURRENDER VALUE ON LIFE INSURANCE POLICIES, PRE-NEED BURIAL ARRANGEMENTS OR BURIAL TRUST POLICIES.

D. COPY OF ALL CURRENT BANK STATEMENTS FOR CHECKING, SAVINGS, CREDIT UNION OR TRUST ACCOUNTS. CURRENT VALUE OF SAVINGS BONDS OR STOCKS.

E. COPY OF REGISTRATIONS ON MOBILE HOMES, AUTOS, MOTORCYCLES OR TRAILERS.

F. COPY OF MOST RECENT TAX STATEMENTS FOR REAL PROPERTY; TRUST DEEDS OR PROMISSORY NOTES. PROVIDE PROOF OF UNPAID BALANCE.

G. VERIFICATION OF ALL EXPENSES ON YOUR RENTAL PROPERTY.

H. COPY OF ALIEN REGISTRATION. (IF YOUR STATUS HAS CHANGED)

I. VERIFICATION OF OTHER HEALTH INSURANCE COVERAGE AND THE AMOUNT OF PREMIUMS PAID.

IMPORTANT: PLEASE CALL IF YOU HAVE ANY QUESTIONS. RETURN THE FORMS AS QUICKLY AS POSSIBLE.

M/C 790-J CORR RV LETTER

Failure to fill out the annual recertification forms (by mail), results in a reminder. Orange County’s text for the reminder follows.

REDETERMINATION REMINDER LETTER

WE HAVE NOT RECEIVED YOUR ANNUAL REDETERMINATION FORM. PLEASE COMPLETE AND RETURN THE FORM ALONG WITH ALL REQUIRED VERIFICATIONS. IF YOU HAVE NOT RECEIVED THE REDETERMINATION PACKET, PLEASE CONTACT ME IMMEDIATELY AT THE TELEPHONE NUMBER LISTED ABOVE.

THIS INFORMATION IS NECESSARY TO DETERMINE YOUR AND/OR YOUR FAMILY’S CONTINUED MEDI-CAL ELIGIBILITY. YOUR MEDI-CAL BENEFITS MAY BE
DISCONTINUED IF YOU DO NOT RETURN THE REDETERMINATION FORMS WITHIN 10 DAYS OF RECEIPT OF THIS LETTER.

IF YOU HAVE ANY QUESTIONS, PLEASE CALL ME.

CORR NOA 791 - MEDI-CAL REDETERMINATION REMINDER
APPENDIX D. DESCRIBING LEAVERS AND THEIR EARNINGS

This study considers take-up of Food Stamps and Medi-Cal among CalWORKs leavers. In this appendix, we provide some simple tabulations of this group, focusing primarily on those who are employed. We begin by considering the number of leavers and then move on to consider the fraction of them with earnings.

CASELOAD, NUMBER OF LEAVERS, AND THE EXIT RATE

Figure D.1 considers the size of the population of interest.\textsuperscript{93} The number of persons receiving cash aid (i.e., welfare; the line with the boxes) increased steadily, more than doubling from the late 1980s to a peak in 1995 of nearly 3 million; thereafter, it dropped sharply to well below half the peak level.

\begin{figure}[h]
\centering
\includegraphics[width=\textwidth]{figure_d1.png}
\caption{Number of Persons Receiving Cash Aid, Number of Leavers, and Exit Rate (centered 12 month averages)}
\end{figure}

\textsuperscript{93} These figures are based on tabulations of the RAND MEDS-EDD quarterly data file. Consistent with the earnings data plotted below in Figure D.2, the cash aid receipt concept is quarterly. CalWORKs receipt in any month of the calendar quarter is coded as receipt for the quarter. Note also that Figure D.1 tabulates persons, while Figure D.2 tabulates adults.
Even when the cash-assisted caseload is stable, there is considerable turnover within the caseload. Some families enter; other families leave. The dotted line on Figure D.1 plots the exit rate, computed as exits per quarter as a fraction of all persons receiving cash aid in the previous quarter. In an average quarter, the “exit rate” is about 7 percent, i.e., about 7 percent of all cases leave (implying an average time on AFDC/CalWORKs of about two and a half years). When the caseload is growing—as it did in the early 1990s—the exit rate is usually below 7 percent; when the welfare caseload is shrinking—as it did though the late 1990s and early 2000s—the exit rate is usually above 7 percent.

Finally, the object of our interest—the number of leavers—is the product of the number of persons receiving cash assistance and the exit rate (Figure D.1). Figure D.1 plots the number of leavers (the line with the triangles). That number was low in the late 1990s when the caseload was small and the exit rate was low. The number of leavers grew in the 1990s, from less than 10,000 persons per quarter in the late 1980s, first as the caseload grew and then as the exit rate rose and then rose again, peaking at well over 15,000. Toward the end of our period, the caseload has fallen enough and then the exit rate fell such that the number of exits also falls. It rises through most of the period, dipping only in 2002.

SURVEY DATA ON LEAVERS

Exiting CalWORKs at all is the first qualification for inclusion in the population of interest to this study. In addition, WPRP’s RFP specifically focused attention on employed CalWORKs leavers. The CHSSS data provide detailed information on the labor market activities of a small sample of leavers at a point in time.

Survey responses suggest that about half of all former cash-aid recipients left for reasons connected to their employment, a new job or higher earnings at an existing job. Slightly more than a quarter of leavers (28 percent) are not employed at all (see Figure D.2). Among those who are working, more than two-thirds are working full time (36 or more hours per week).
Among those working, the average hourly wage is about $9.65 per hour. This is well above California’s minimum wage of $6.75 per hour. Figure D.3 tabulates the distribution. It suggests that this high average wage is a combination of a large group with earnings near the minimum wage and smaller numbers of leavers with earnings well above $10 per hour.

This combination of hours worked and average hourly wage yields average monthly earnings of those working of about $976 per month. This is about twenty percent below the equivalent of full-time work at the minimum wage ($11,475). Table 2.1 suggests that if combined with Food Stamps (for which take-up rates are far from universal) and the Earned Income Tax Credit (for which take-up rates appear to be quite high), earnings in this range would put a family of three about twenty percent above the federal poverty line.
Again, this mean covers considerable variation (see Figure D.4). About a quarter of leavers have no earnings and another quarter have monthly earnings under $1000. About one in six have earnings of more than $2,000 per month.

![Bar chart showing distribution of monthly earnings among leavers.](image)

**Figure D.4—Distribution of Monthly Earnings Among Leavers**

Note that these tabulations consider only own earnings (and imputed Food Stamps and EITC) and assume a family of three. Some of these families have access to earnings from other adults. Some of these families have only two members; many have more than three. For more detailed computations of total household income and income relative to the poverty line, see the reports of the main RAND Statewide CalWORKs Evaluation.

Finally, we tabulate job tenure (i.e., time on the current job) in quarters among CalWORKs leavers (Figure D.5). Average tenure is over six quarters, but the distribution is bimodal. Slightly more than one-fourth of the leavers in the sample are not working at the time of the interview; slightly less than one-fourth have been at their jobs for more than two years (eight quarters), often starting these jobs while still receiving cash assistance. The rest of the leavers are spread relatively evenly, between one and eight quarters of job tenure. Note that for about one-fifth of leavers, their job tenure is two quarters or less. These leavers may have had a period without earnings in any given quarter.
ADMINISTRATIVE DATA ON LEAVERS’ EARNINGS

Administrative data provide a complementary perspective on the employment patterns of leavers to the survey data tabulated above. Employers report earnings of their employees every quarter to the Employment Development Department, which keeps the reports should a worker become unemployed and Unemployment Insurance (UI) eligibility and payments have to be calculated. Here we analyze these reports, linked to MEDS data on receipt of cash aid. Given the source of the administrative data, they include only UI-covered earnings and exclude some government employment, self-employment, and under-the-table earnings. Furthermore, the unit of reporting is quarterly. The data are, however, quite valuable because they cover a long time series, for a very large sample, and (because they are reported by employers) their validity is believed to be higher than survey responses.

Figure D.6 plots employment rates among leavers who have not returned to cash aid in this quarter or any earlier quarter. The rates are averaged over anyone within three years of leaving cash aid (for all calendar quarters in which there was no cash assistance). The tabulations are from RAND’s 5 percent MEDS-EDD match file.

Figure D.6 is based on tabulations of adults (not all persons, as in Figure D.1) from the RAND MEDS-EDD file. The sample is any adult (at least 18 years old) at exit off cash aid for 1-12 quarters (i.e., less than three years). Individuals returning to cash aid are dropped from the sample. If they leave again, their “quarters-since-leaving-aid-clock” is restarted. Earnings are the sum of earnings for the individual across all jobs in the quarter as recorded in the EDD data. The EDD data do not record government employment, self-employment, and “under-the-table” earnings. Tabulations of other data sources suggest that these estimates understate true employment by about ten percent. (See Klerman, Reardon, Cox, et al., 2003.)
Specifically, Figure D.6 plots the percentage of such leavers with quarterly earnings at four levels: (1) more than $100 per quarter, (2) more than $1,000 per quarter, (3) more than $2,000 per quarter, and (4) more than $4,000 per quarter. At the 2002 California minimum wage of $6.75 per hour, this is equivalent to approximately 1, 11, 23, and 46 hours per week, respectively.

It is important to note that many leavers earn well above the minimum wage, so the equivalent number of hours is lower. The gap between the lines on the figure emphasizes that few leavers work full-time over the quarter (i.e., the drop off between any earnings and earnings greater than each quarterly benchmark). Other evidence suggests that working leavers are likely to work nearly full-time, but not continuously (e.g., Klerman, Reardon, Cox, et al., 2003). Thus, the lower quarterly earnings often represent full-time work for less than the full calendar quarter.95

95 Note that the implied earnings levels are much lower than those reported in the household survey discussed earlier in this appendix. For example, these figures imply that only about 30 percent of all welfare leavers earn...
Figure D.6 has several important implications. First, levels of earnings have risen strongly since the end of the recession of the early 1990s. Second, nevertheless, far from all leavers are employed. Third, even among those who work, earnings are often well below the equivalent of full-time at the minimum wage. For the most recent data, the fraction with a given level of earnings drops from 45 percent to 38 percent to 32 percent to 22 percent across our four income levels. In the analysis that follows, we primarily use the third income level ($2,000 per quarter/average 23 hours per week at the minimum wage) to define employment. For some analyses, we report outcomes for alternative quarterly earnings levels.

Finally, Figure D.7 considers earnings growth during the first three years since exiting cash aid. The fraction of leavers with earnings is relatively constant at about half, but their average earnings rise by more than a third (37 percent, not plotted). Similarly, the fraction of leavers earning more than the cutoff amounts rises. The increases are small at the $1,000 per quarter level (9 percent/4 percentage points), but larger (18 percent/6 percentage points) at the $2,000 level, and even larger (55 percent/10 percentage points) at the $4,000 level. Figure D.7 follows those who left CalWORKs in the third quarter of 1998, from the fourth quarter of 1998 to the third quarter of 2001 (the last valid data available to us). For people who return to CalWORKs (about one in five people), it drops them beginning in the quarter they return. It thus mixes the effect of time off aid with the effect of calendar period (e.g., the economy).

---

even $1,000 per quarter; while the survey data imply that about half of all welfare leavers earn about $1,000 per month. A similar, but smaller, divergence has been noted in other comparisons of administrative and survey data. Among the possible explanations are earnings not covered by the EDD/UI administrative data (e.g., self-employment, under-the-table employment), overstatement of earnings in survey responses, and discontinuous employment.
The equivalent analysis on synthetic cohorts (i.e., analyzing all leavers in the second quarter of 2001) compares those who are off cash aid between 1 and 12 quarters. It yields similar results for the percentage and percentage point increase in earnings. However, the increase in average earnings is considerably larger (47 percent vs. 37 percent), apparently because people who had only been off cash aid for one quarter in 2001/Q2 had much lower earnings than people who had been off for one quarter in an earlier year.

In summary, a simple characterization of leavers and their employment experience would be as follows. Only a slight majority of leavers has any paid work in any given calendar quarter after leaving cash aid and the fraction working at all is relatively stable with time since leaving cash aid. However, earnings rise substantially with time off aid. By three years out, about 80 percent of those working are earning the equivalent of half-time at the minimum wage and about half are earning the equivalent of full-time at the minimum wage.

All County Information Notice I-70-00, California Health and Human Services Agency, Department of Social Services, Sacramento, California, July 25, 2000. [http://www.dss.cahwnet.gov/getinfo/acin00/pdf/I-70_00.pdf]

All County Letter No. 00-82, California Health and Human Services Agency, Department of Social Services, Sacramento, California, December 8, 2000. [http://www.dss.cahwnet.gov/getinfo/acl00/pdf/00-82.PDF]


California Department of Health Services website, Healthy Families program homepage. [http://www.dhs.cahwnet.gov/HealthyFamilies/; http://www.healthyfamilies.ca.gov/]

California Department of Health Services, Electronic Benefit Transfer Project website. [http://www.ebtproject.ca.gov/Overview.htm]


Electronic Benefit Transfer Project website. [http://www.ebtproject.ca.gov/Overview.htm]


Healthy Families Program website [http://www.healthyfamilies.ca.gov/], administered by the Managed Risk Medical Insurance Board (MRMIB).


Klerman, Jacob A., Gail L. Zellman, Tammi Chun, Nicole Humphrey, Elaine Reardon, Donna Farley, Patricia A. Ebener, and Paul Steinberg, *Welfare Reform in California: State and County*


Legislative Analyst’s Office (LAO), Analysis of the 2002-03 Budget Bill, “Medi-Cal Managed Care: Where Do We Go From Here?”, 2002. [http://www.lao.ca.gov/analysis_2002/health_ss/healthss_07_4260_anl02.htm#_Toc1355295]


Reardon, Elaine, Christine DeMartini, and Jacob A. Klerman, Results from the First California Health and Social Services Survey, Santa Monica, CA: RAND, TR-121-CDSS), 2004.


