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The Take-Up of Medicaid and Food Stamps by Welfare Leavers: The Case of Wisconsin

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Abstract

Subsidized medical insurance and food purchases through the Medicaid and Food Stamp programs potentially improve the health and economic well-being of low-income people, but only if eligible participants receive program benefits. Reports of decreases in Food Stamp and Medicaid participation rates following passage of welfare reform legislation in 1996 raised concerns about the health care coverage and nutritional status of former recipients of cash welfare. This paper describes Food Stamp and Medicaid participation for two cohorts leaving welfare in Wisconsin: those who left cash welfare in 1995 (under early welfare reform) and those who left welfare 2 years later. The paper estimates initial take-up rates (that is, participation rates among those eligible immediately after exit from cash welfare) of 60 percent for Food Stamps and 80 percent for Medicaid among the 1995 leavers. Initial take-up rates were greater for those who left in 1997. Take-up rates among leavers declined steadily as time elapsed after their exit from cash welfare.

The Take-Up of Medicaid and Food Stamps by Welfare Leavers: The Case of Wisconsin

INTRODUCTION

Welfare caseloads have fallen sharply since enactment of the Temporary Assistance for Needy Families (TANF) block grant in 1996, raising questions about the postwelfare experiences of those who left the program, known as "leavers." Early evidence shows reduced participation of leavers in Medicaid and Food Stamps, two means-tested benefits that can protect the nutritional status of, and provide access to medical care for, women and children who no longer receive welfare grants. Other evidence suggests that most women who left welfare under initial reforms found jobs, although most of them did not earn enough to escape poverty (see Loprest 1999 and U.S. General Accounting Office 1999a for reviews of state-specific studies of leavers).

This paper describes patterns of receipt of Food Stamp and Medicaid benefits for two groups of women who left the cash welfare program in Wisconsin. The first group left the main means-tested cash program, Aid to Families with Dependent Children (AFDC), in late 1995 under early welfare reform measures undertaken in the state at that time. The second group left welfare 2 years later, after the implementation of Wisconsin Works (W-2), the state's TANF program.

The experience of Wisconsin is of particular interest because the state has been a leader in welfare reform. Wisconsin began work-based welfare reforms in the late 1980s and implemented several major reforms in the mid-1990s, before TANF, including a Parental and Family Responsibility initiative in 1994, which covered four counties (including Milwaukee County, by far the state's largest); the Work Not Welfare program in two counties in 1995; and the statewide Pay for Performance program in early 1996.[1]

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[1]The Parental and Family Responsibility initiative, called "Bridefare" by its opponents, was an attempt to modify fertility and family-formation behavior among teens and improve their economic well-being by granting young cohabiting couples liberalized access to AFDC in return for reduced grant increases for second children and increased work obligations for fathers. Work Not Welfare introduced strict work requirements and a 2-year time limit on benefits. Pay for Performance expanded the strict work requirements to all counties in Wisconsin.

W-2 took effect over a 7-month period between September 1997 and March 1998. Under W-2, no assistance is available to families unless they participate in work or work-preparation activities, and assistance is time-limited.

Concerns about the take-up (participation of those eligible) of noncash benefits, especially in the Food Stamp and Medicaid programs, have intensified as the number of cash-benefit leavers has risen and fewer people experience the automatic linkage between cash welfare and these noncash benefits.[2] Owing to Wisconsin's early start in enforcing intensive work obligations, an analysis of the use of Food Stamp and Medicaid benefits by those who left the caseload during the mid-1990s provides evidence on the likely take-up of Medicaid and Food Stamp benefits by those who have left and will leave welfare in other states whose reform programs were implemented later than in Wisconsin. Moreover, a comparison of those who left welfare before the 1996 reform with those who left under the later, more stringent work-based policy provides evidence concerning the differential effects of these two policy models on the subsequent use of noncash benefits.[3]

Much public controversy has surrounded Food Stamp and Medicaid usage in Wisconsin. According to the U.S. General Accounting Office (1999b), between August 1996 and August 1998 Wisconsin experienced the fourth largest Food Stamp caseload decline in the country (a drop of 34 percent).[4] Wisconsin has also ranked among the top states in its Medicaid caseload decline. Using edited

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[2]In Wisconsin, AFDC/TANF caseloads fell by 50 percent between December 1996 and December 1997, amplifying a decade-long trend of caseload reductions (from over 100,000 AFDC cases in 1986 to 22,000 AFDC or TANF cases in 1997).

[3]Study of this take-up question is facilitated in Wisconsin because of the availability of integrated administrative data on the use of noncash benefits. Since 1994, the state has operated an integrated automated case management system—called the Client Assistance and Re-employment System, or CARES—which merges data on cash welfare benefits, Food Stamp receipt, and Medicaid eligibility. The information on the receipt and level of benefits in each of these programs in the same data system eliminates the need to match participants across the benefit programs.

[4]The Wisconsin Legislative Audit Bureau (2000) reported that between March 1995 and July 1999 the number of people receiving Food Stamps dropped by 45 percent. This is a measure of overall decline in the Food Stamp caseloads, not of participation rates for those who leave welfare.

federal administrative data from the Health Care Financing Administration, Ku and Bruen (1999) reported that Wisconsin had the third largest Medicaid caseload decline among families containing minor children without a disability (a drop of 18.6 percent) between 1995 and 1997.[5]

PRIOR RESEARCH ON USE OF NONCASH BENEFITS AMONG LEAVERS

The Urban Institute's National Survey of America's Families has provided much of the recent national evidence concerning Food Stamp and Medicaid use among welfare leavers. Based on the survey, Zedlewski and Brauner (1999) revealed that of families with children who (a) had received Food Stamps at some time since the beginning of 1995, (b) were still income-eligible for Food Stamps, and (c) were former cash welfare recipients, just 42 percent reported receiving Food Stamps when they were surveyed in 1997. Using the same survey to estimate Medicaid use, Garrett and Holohan (2000) reported that, among women who stopped receiving cash welfare benefits sometime between January 1995 and 1997 (the year in which they were interviewed), just 36 percent reported receiving Medicaid at the time of the interview, and 41 percent were uninsured. Of children living in families that had left welfare, 50 percent were receiving Medicaid or other state health insurance and 25 percent were uninsured.[6]

Dion and Pavetti (2000) summarized state studies of Food Stamp and Medicaid benefit use among former welfare recipients. They found that studies based on administrative data estimated that from 30 to 45 percent of former welfare recipients were still on Food Stamps 12 months after leaving welfare. In contrast, estimates of Food Stamp use among welfare leavers based on survey data range from a low of 29 percent in New York to a high of 60 percent in South Carolina. Medicaid use 12 months after exit was

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[5]As of 1997, 32.9 percent of the poverty population was covered by Medicaid in Wisconsin as compared to an overall U.S. rate of 38.9 percent. Among children the comparable percentages are 51.4 percent in Wisconsin and 57 percent nationally (Urban Institute 2000, Table 2).

[6]Another 23 percent of mothers (27 percent of children) had private health coverage, and 4 percent of mothers (2 percent of children) received coverage through the military or through Medicare.

somewhat higher, ranging between 36 percent and 76 percent in studies based on administrative data and between 30 percent and 78 percent in studies based on surveys.

A summary by the U.S. Department of Health and Human Services (DHHS) of noncash benefit use from "leavers studies" funded by the department in several states (Isaacs and Lyon 2000) revealed that Food Stamp participation rates 12 months after leaving welfare ranged from 20 to 40 percent and Medicaid participation rates ranged from 15 to about 60 percent.

Available evidence suggests that program ineligibility is not a significant reason for the relatively low use of Food Stamps and Medicaid.[7] Most families leaving welfare have incomes well under 130 percent of the federal poverty line, the gross income maximum for Food Stamp eligibility.[8] Medicaid has even higher income limits and expanded coverage for children.[9]

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[7]Although Daponte, Sanders, and Taylor (1999) found that many households who seemed eligible for Food Stamps based on an initial survey were found to be ineligible after more detailed screening, often owing to assets that exceeded eligibility thresholds, their study included elderly and childless households, not just households demographically similar to welfare leavers.

[8]The 1996 Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) reduced eligibility for Food Stamps for families at the high end of the eligibility range by dropping the basic Food Stamp benefit to 100 percent of the Thrifty Food Plan (from 103 percent) and freezing the standard deduction at 1996 levels. However, these modifications had more effect on overall benefit levels than on the number of eligible families (Zedlewski and Brauner 1999). PRWORA also eliminated eligibility for legal immigrants who have not accumulated at least 40 quarters of Social Security coverage or served in the U.S. military. However, the Agriculture Research, Extension, and Education Reform Act of 1998 reinstated Food Stamp eligibility for legal elderly, disabled, and child immigrants who were living in the U.S. when PRWORA was passed. Those who entered after PRWORA are eligible only for emergency services, unless they obtain citizenship.

[9]Under the Family Support Act of 1988, families who have received Medicaid in 3 of the last 6 months and leave welfare owing to increased earnings retain Medicaid eligibility for 6 months regardless of income. Families that leave welfare owing to increased income from child support retain Medicaid eligibility for 4 months after leaving. Both groups receive another 6-month extension if their household incomes (less disregards for child care expenses) do not exceed 185 percent of the federal poverty line. In addition, federal law requires states to provide Medicaid to children under age 6 with family incomes below 133 percent of the federal poverty line and to all children born after September 30, 1983, with incomes below the federal poverty line. Most states have expanded Medicaid coverage (or coverage under the state Children's Health Insurance Program enacted in 1997) for children well beyond these minimum requirements.

These low take-up rates among eligible leavers in both the Food Stamp and Medicaid programs are not new and predate recent state welfare reforms (see for example, Ellwood and Adams 1990,[10] Moffitt and Slade 1997, and Blank and Ruggles 1993). Some of the recent concern has been prompted less by evidence that benefit use by leavers has declined than by increases in the overall number of leavers. Reports concerning the number of leavers and their use of Medicaid and Food Stamp use in Wisconsin include Cancian et al. (1999), based on administrative data,[11] and Wisconsin Department of Workforce Development (1998), using survey data.[12]

DATA AND METHODS

We analyze administrative data on the demographic characteristics and patterns of Food Stamp and Medicaid use by two cohorts of single-mother families[13] who left cash assistance in Wisconsin.[14] The first cohort consists of those who left during Wisconsin's initial welfare reform efforts (the last 3 months of 1995), and the later cohort consists of those who left during the early stages of W-2 (the last 3 months of

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[10]The patterns reported in this study reflect a substantially different policy regime than that of many earlier studies, since federal legislation in 1988 extended Medicaid eligibility for 12 months after leaving AFDC.

[11]This study reported a 46 percent first-quarter postexit participation rate for Food Stamps and Medicaid among those who left the Wisconsin AFDC program in late 1995 and early 1996 and who remained off for at least five calendar quarters after exit. The proportion participating in both Food Stamps and Medicaid declined to 28 percent in the fifth quarter after exit.

[12]This was a survey of 547 randomly selected leavers, with a response rate of 69 percent. It reported on benefit use by those who received cash benefits between January and March 1998 who had stopped receiving any cash benefits by April 1, 1998. Five to 11 months after leaving, 49 percent were receiving Food Stamps, and 75 percent of the leavers or their family members received Medicaid.

[13]Our analysis focuses on single-mother families with children. When we refer to characteristics of "leavers," we are generally referring to the mothers. In administrative terms, a recipient unit (assistance group) is a "case," which may not always be synonymous with "family," owing to various program rules on recipiency. Because our sample consists of single mothers and their children, we use the term "family" in place of "case" and "mother" or "family head" in place of "case head."

[14]Since eligibility for legal immigrants under the Food Stamp program changed substantially over this period, and because we are unable to determine if or when immigrants obtain citizenship, we have omitted the 1.8 percent of leavers who were coded as noncitizens at the time of welfare entry from the 1995 cohort, and the 3 percent of leavers who were coded as noncitizens in the 1997 cohort.

1997). We count as "leavers" those who exited cash assistance within 3 months of our initial observation (September of 1995 and 1997) and remained off the welfare caseload for at least 2 consecutive months between October and January. Leavers constituted 16 percent of the 48,197 AFDC participants in September 1995, and 40 percent of the 19,738 participants in September 1997.[15]

We merged data from (1) the CARES system (see footnote 3), which includes information collected in administering AFDC, W-2, Medicaid, Food Stamps, and related means-tested programs; (2) the Computer Reporting Network (CRN) system, the precursor of CARES, providing earlier AFDC administrative data helpful for constructing an AFDC history for each case; and (3) the Unemployment Insurance (UI) system, which includes information on quarterly earnings. For welfare leavers who have not returned to the cash benefit system, we estimate eligibility for Food Stamp and Medicaid benefits by assuming that the earnings reported to the UI system represent a family's quarterly income. Appendix 1 provides more detail on the samples and variables.

Compared with the 1995 leavers, a higher proportion of those who left in 1997 had some background characteristics that made them less likely to achieve self-sustaining employment.[16] More of the 1997 leavers

- lacked a high school degree (45 percent vs. 33 percent),
- cared for more children (34 percent with three or more children vs. 23 percent),
- had very young children (27 percent with a child less than age 1 vs. 15 percent),
- lived in Milwaukee County (56 vs. 39 percent).

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[15]Our sample includes both those who did and those who did not return to welfare within the next calendar year.

[16]The characteristics of the entire population of Wisconsin welfare recipients changed between 1995 and 1997, thereby altering the characteristics of leavers. The characteristics of the overall population of welfare participants are shown in Appendix 2. These comparisons are discussed more fully in Cancian et al. (2000a, 2000b).

In other respects, however, the employment-related prospects of those leaving welfare in 1997 were similar to, or only a little worse than, those leaving in 1995. For example, the 1997 leavers were only slightly less likely to have recently entered welfare (21 percent entered within the last three months, compared to 28 percent for the 1995 leavers), and they had only modestly less work experience in a recent period (14 percent with earnings in all quarters in the prior 2 years vesus 19 percent).

Several important limitations must be kept in mind in interpreting our results. First, our data on benefits and earnings are limited to public assistance received in Wisconsin and earnings reported to the Wisconsin UI system.[17] We have measures of the earnings of other adults living in the household of the leavers if they were officially part of the AFDC or Food Stamp case recorded in the CARES computer system, but not of other income sources, such as property income or income of other adults living in the household but not reported in the CARES system.[18] Among the members of our sample, these other income sources would have to be substantial ($2,500–$3,000 per quarter) to push the typical household past the eligibility threshold for Food Stamps. We thus believe that the degree of overstatement in our estimate of the population of leavers eligible for Food Stamps and Medicaid is not large.[19] Nonetheless,

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[17]For the 1995 cohort, 17.5 percent of the households had no earnings recorded in the UI system during the first year after exit from AFDC. Of these, 48.7 percent also received no other services (AFDC, Food Stamps, or Medicaid), suggesting that they may have left the state. For the 1997 cohort, 15 percent had no reported earnings during the year. Of these, 24.3 percent did not receive Food Stamps, Medicaid, or AFDC/TANF.

[18]During the first year after exit the percentage of households in which we observe earnings of household members other than the mother range from a low of 8.4 percent in the first quarter after exit to a high of 10.7 percent in the fourth quarter after exit for the 1995 cohort. For the 1997 cohort the range is from 6.9 percent in the first quarter after exit to 10.2 percent in the fourth quarter after exit.

[19]Evidence on the proportion of household income captured by the earnings of household members is found in Moffitt and Roff (2000) and Isaacs and Lyon (2000). Their estimates indicate that the sum of adult earnings in the households of the leavers accounts for about 75–80 percent of total household income, with public transfer income accounting for nearly all of the remainder. Because we take into account the value of Food Stamps in our measure of income and because we include the earnings of all household members receiving Food Stamps or Medicaid in calculating the pool of eligibles, we conclude that our estimate of the size of the eligible population is not substantially greater than the true pool of eligibles. See also Freedman et al. (2000), which contains information from the National Evaluation of Welfare-to-Work Strategies on the sources of income of leavers, and on the extent to which they live with others with income. Rolston (2000) notes the difficulties inherent in inferring overall family well-being based only on the earnings data available from administrative sources.

because we only have information on benefits received in Wisconsin, we may mistakenly identify a family as eligible but not receiving benefits when they are receiving benefits in another state. A second limitation is that, because the UI data are quarterly while program eligibility is based on monthly income, we make the simplifying assumption that the household's earnings are equally distributed over the 3-month period.[20] Finally, we do not have information on assets, although Zedlewski and Brauner (1999) indicate that very few families who are income-eligible for noncash benefits would lose eligibility by failing to pass the assets test.

BENEFIT RECEIPT IN THE YEAR AFTER LEAVING WELFARE AMONG TWO COHORTS

Table 1 shows the participation and benefit patterns of our two cohorts. We look first at Food Stamps. Whereas 60 percent of 1995 leavers who were eligible received Food Stamp benefits during the first year after leaving, 82 percent of eligible 1997 leavers were Food Stamp recipients. A possible explanation for this trend is the lower income of those who left cash benefits in 1997,[21] suggesting that a higher proportion of them would be eligible for Food Stamp benefits and would receive larger amounts if they received benefits. In constant 1998 dollars, the average Food Stamp benefit (among those receiving Food Stamps) over the year after exit was 44 percent higher in the 1997 cohort than in the 1995 cohort ($1,925 versus $1,339).[22] Because a somewhat lower percentage of women in the later cohort returned to cash assistance (see first row, last column, of each panel) at some time during the 12 months following exit—25 percent versus 29 percent—it is not likely that the increase in Food Stamp take-up is attributable

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[20]This may result in overestimates of the population ever eligible, and some inaccuracy in defining the period of eligibility. For example, we may declare a family to be eligible for the entire period when they are only eligible for 1 or 2 months, or find a family not eligible when they are eligible for a part of a quarter.

[21]In a related paper examining earnings and income, we find that earnings and income among leavers in the later cohort were substantially lower than in the early cohort (Cancian et al. 2000a).

[22]The differences are generally smaller controlling for family size [$1,043 versus $953 (9 percent) for families with one child; $1,728 versus $1,366 (27 percent) for families with two children, and $2,818 versus $1,943 (45 percent) for families with three or more children], but they are substantial nonetheless.

TABLE 1
Average Benefit Receipt of Leavers in Year after Exit (U.S. Citizens Only; 1998 Dollars)

	Quarter before Exit	1st Quarter after Exit	2nd Quarter after Exit	3rd Quarter after Exit	4th Quarter after Exit	During Year after Exit
1995 Leavers (N = 7,879)						
% receiving AFDC/TANF	100.0	17.6	18.5	18.0	16.2	29.1
Mean AFDC/TANF amount among recipients	$1,111	$660	$866	$926	$970	$2,055
% receiving Food Stamps	90.3	45.9	43.3	39.6	37.5	57.7
% of families eligible to receive Food Stamps	99.9	91.4	89.3	88.2	85.3	96.0
% of those eligible receiving Food Stamps	90.4	50.2	48.5	44.9	44.0	60.1
Mean Food Stamp amount among recipients	$578	$436	$468	$482	$477	$1,339
% of families receiving Medicaid	100.0	74.1	68.6	65.8	61.0	79.7
% of families eligible to receive Medicaid	100.0	98.8	98.1	97.8	96.3	99.6
% of eligible families receiving Medicaid	100.0	75.0	70.0	67.3	63.3	80.0
% of mothers receiving Medicaid	98.5	57.9	54.9	52.4	47.1	67.2
% of mothers eligible to receive Medicaid	99.7	91.4	89.0	88.2	83.1	95.9
% of eligible mothers receiving Medicaid	98.7	63.4	61.7	59.4	56.6	70.1
% of families with eligible children receiving Medicaid	100.0	74.5	69.4	66.7	62.8	79.4
Less than 1 year old	99.8	76.6	79.4	79.0	NA	78.6
1–5 years old	99.6	73.0	67.5	64.9	60.9	77.6
6–14 years old	99.7	74.6	69.2	67.0	63.4	78.1
15–18 years old	98.4	74.4	69.5	67.8	68.1	77.9

(table continues)

TABLE 1, continued

	Quarter before Exit	1st Quarter after Exit	2nd Quarter after Exit	3rd Quarter after Exit	4th Quarter after Exit	During Year after Exit
1997 Leavers (N = 7,828)						
% receiving AFDC/TANF	100.0	13.6	16.5	17.3	15.3	25.0
Mean AFDC/TANF amount among recipients	$1,145	$1,046	$1,292	$1,275	$1,221	$3,047
% receiving Food Stamps	91.8	72.2	66.3	62.1	59.2	80.8
% of families eligible to receive Food Stamps	99.9	96.7	94.9	93.6	91.0	98.3
% of those eligible receiving Food Stamps	91.9	74.6	69.9	66.3	65.1	82.2
Mean Food Stamp amount among recipients	$676	$648	$596	$571	$572	$1,925
% of families receiving Medicaid	99.9	88.7	85.5	83.6	80.4	92.3
% of families receiving Medicaid	100.0	99.6	99.4	99.1	98.4	99.8
% of families receiving Medicaid	99.9	89.0	86.0	84.4	81.7	92.4
% of mothers receiving Medicaid	95.8	71.3	68.1	66.5	62.4	80.9
% of mothers eligible to receive Medicaid	99.4	93.8	91.8	90.6	86.8	96.9
% of eligible mothers receiving Medicaid	96.5	76.0	74.1	73.4	71.9	83.5
% of families with eligible children receiving Medicaid	99.6	88.8	85.7	84.0	81.3	92.1
Less than 1 year old	97.4	89.2	86.6	86.3	NA	90.0
1–5 years old	99.6	88.7	85.4	83.4	80.7	90.8
6–14 years old	99.3	88.4	85.9	85.0	82.9	91.3
15–18 years old	97.9	83.8	81.3	80.2	77.9	87.5

NA = Fewer than 10 observations in cell.

to a return to cash benefits and the implicit connection (no longer automatic under TANF, but still structural) to Food Stamps which cash benefits entail.[23] Among both groups, the percentage of eligible leavers who received Food Stamps fell over the four quarters after welfare exit—from 50 percent to 44 percent for the 1995 cohort, and from 75 to 65 percent for the 1997 leavers.

This pattern of participation is also seen in Figure 1, which shows the distribution of Food Stamp participants, eligible nonparticipants, and ineligibles for each quarter during the first 3 years after leaving welfare for the 1995 cohort, and for each quarter during the first year after leaving for the 1997 cohort. The share of participating leavers declines fairly consistently across the 3-year period for the 1995 cohort, and also declines for the 1997 cohort. The declines are generally offset by increases in the share not eligible. The percentage eligible but not participating is fairly stable over time—although for the 1997 cohort the nonparticipation rate increases from 25 percent to 32 percent over the four quarters.

Table 1 shows that whereas the 1995 cohort averaged about $1,300 in Food Stamp benefits in the first year after exit, the average for the 1997 cohort was about $1,900. However, the level of quarterly Food Stamp benefits rose modestly over the year for the earlier cohort (from $436 in the first quarter to $477 in the fourth quarter), but fell for those in the 1997 cohort of leavers (from $648 to $572 over the first four quarters after leaving).

Table 1 indicates that the take-up rate in the Medicaid program[24] also increased from the first to the second cohort, though not by as much as in the Food Stamp program: 80 percent of those eligible in the 1995 cohort participated in Medicaid at some point during the year after exit; this increased to 92 percent

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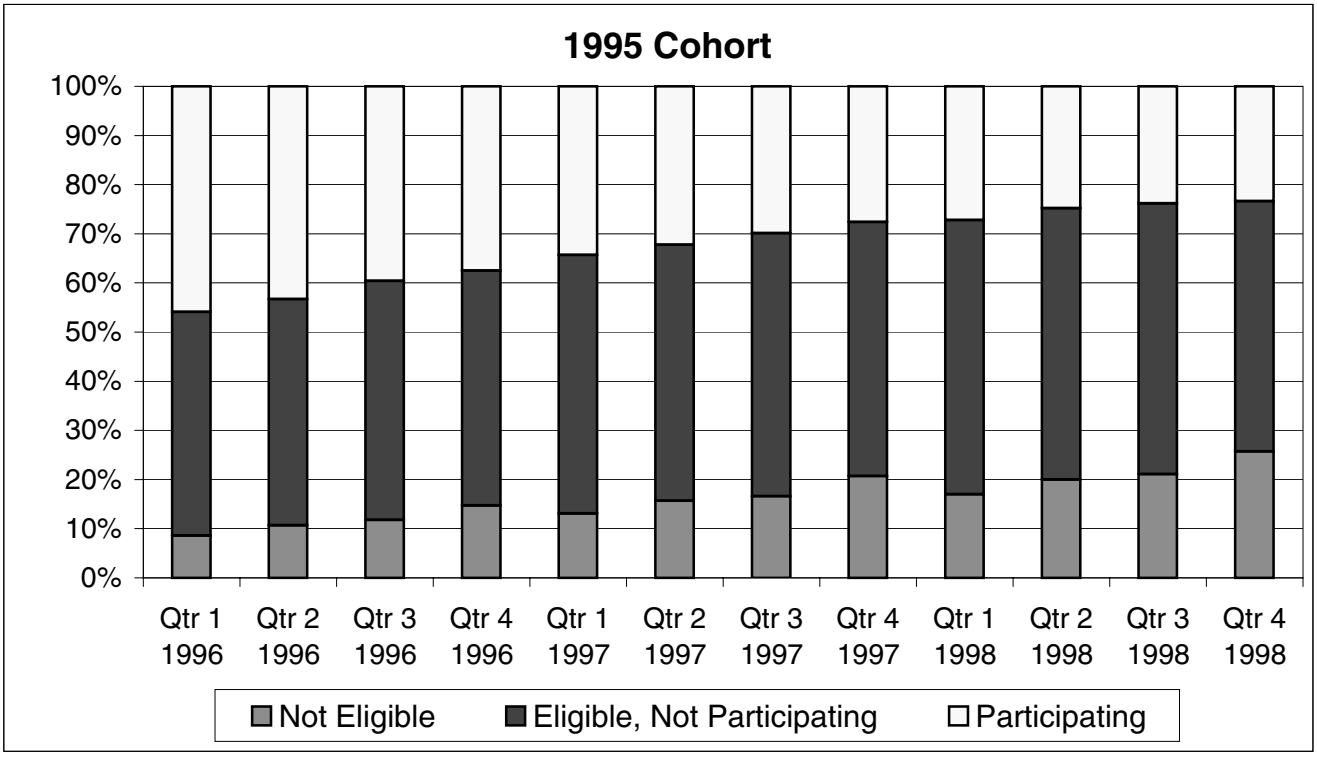
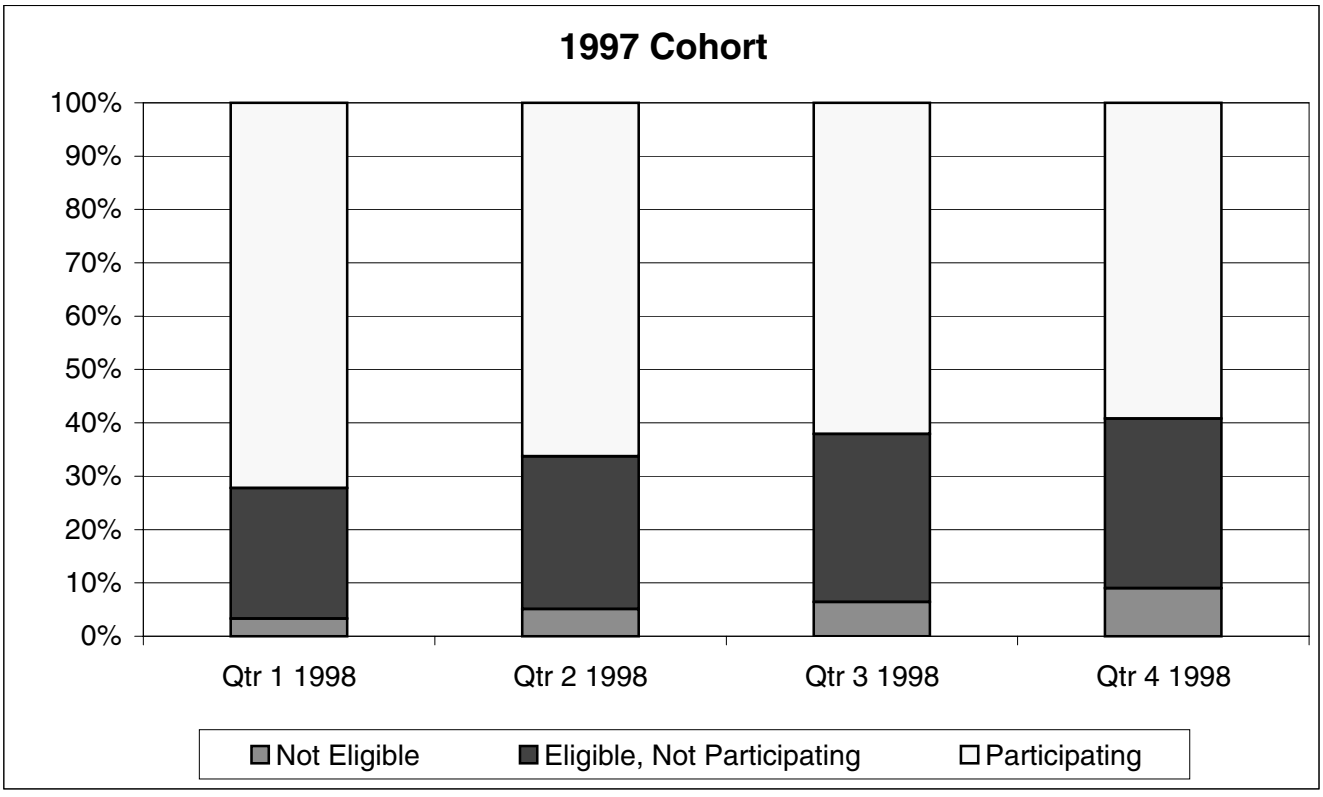
[23]About 18 percent of leavers receive cash benefits in most of the four quarters after leaving in the 1995 group. This percentage falls to about 15 percent in the 1997 group. Among those who return, the amount of cash benefits received is about $1,000 per year higher in the second cohort than in the first, an increase of about 50 percent between the first and second cohorts.

[24]Medicaid take-up refers to obtaining a card showing Medicaid eligibility, not necessarily receipt of services under the program. Note also that children born after September 1983 are eligible for Medicaid as long as their family income is less than the poverty line. Because of this factor, more individuals will be income-eligible in the second cohort than in the first.

Figure 1: Food Stamp Receipt, by Calendar Quarter





of the 1997 eligible leavers. The Medicaid take-up rate decreased over the course of the first year after leaving for both cohorts—from 75 percent in the first quarter after exit to 63 percent in the fourth quarter after exit for the early cohort, and from 89 to 82 percent for the later cohort.

Figures 2 and 3 show the patterns of Medicaid eligibility and participation of mothers and children for both the 1995 and 1997 groups of leavers. The figures show substantial declines in participation and increases in the proportion not eligible. Figure 2 shows that mothers eligible, but not participating, in the Medicaid program rose from 34 to 42 percent during the 12 quarters after exit for the 1995 cohort, and remained fairly steady at about 24 percent over the four quarters after exit for the 1997 cohort.[25] However, Figure 3 reveals that the percentage of children in the 1995 cohort eligible for, but not participating in, Medicaid increased from 26 percent in the first quarter after exit to 50 percent by the end of 3 years. For the 1997 cohort, there was also an increase in the proportion of children eligible for but not participating in Medicaid, from 11 percent to 19 percent over the four quarters.

In general, the results reported in Table 1 indicate substantial postexit take-up of health-related noncash benefits among both the 1995 and 1997 leavers. Moreover, the take-up rate for the 1997 group of leavers was greater than that for the 1995 cohort.

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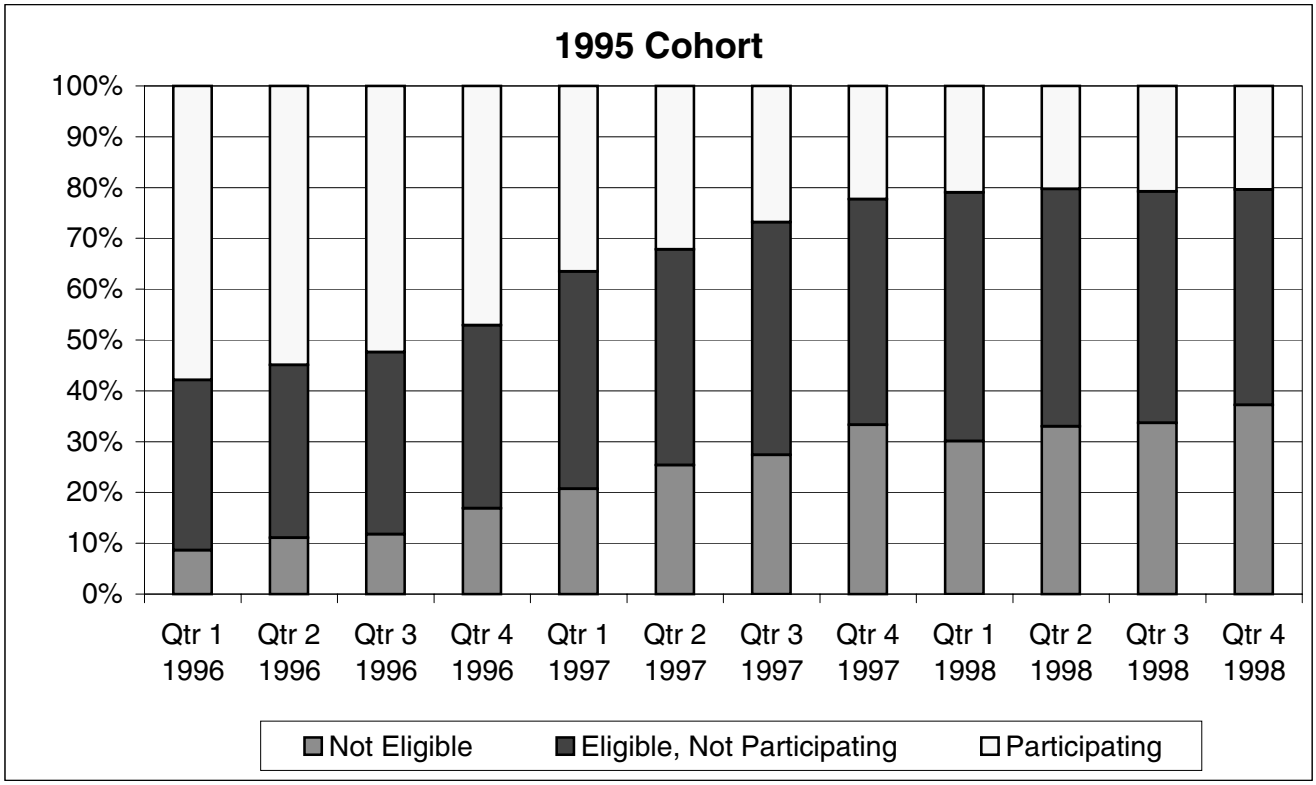
[25]The decline in participation in the first quarter of 1997 may be an artifact of a computer error. In late March 1997, as the Department of Workforce Development (DWD) prepared its administrative data systems for full W-2 implementation, the department "delinked" the CARES determination of eligibility for Medicaid from the determination of eligibility for AFDC and W-2. Unfortunately, the necessary programming was incomplete and resulted in incorrect denial of Medicaid for some participants who had earned income. The sudden decline in the caseload was noted by the Department of Health and Family Services as well as DWD. In April 1997, the two agencies discovered the cause of the problem and issued directions to county workers on how to "work around" the error in CARES to ensure accurate determination of Medicaid eligibility. In September 1997, the programming in CARES was corrected.

Figure 2: Mother's Medicaid Receipt, by Calendar Quarter



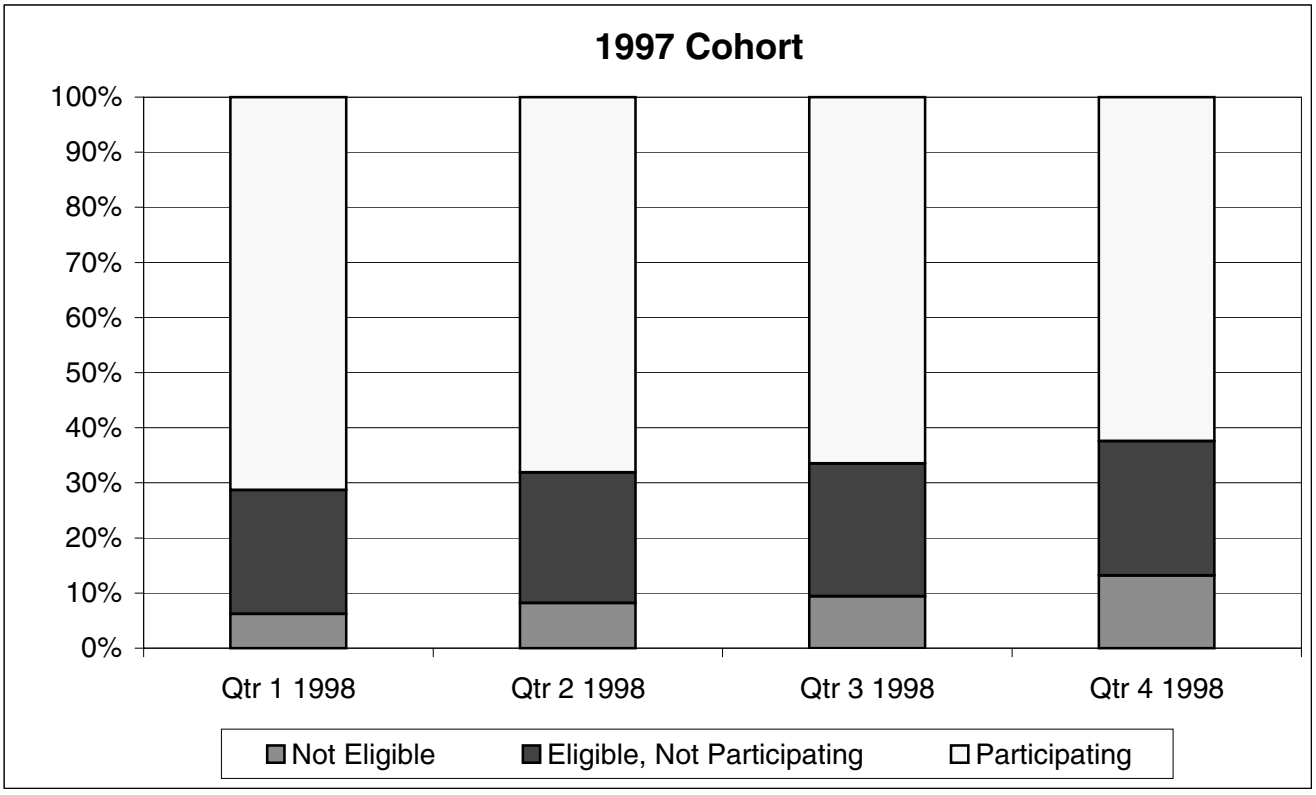
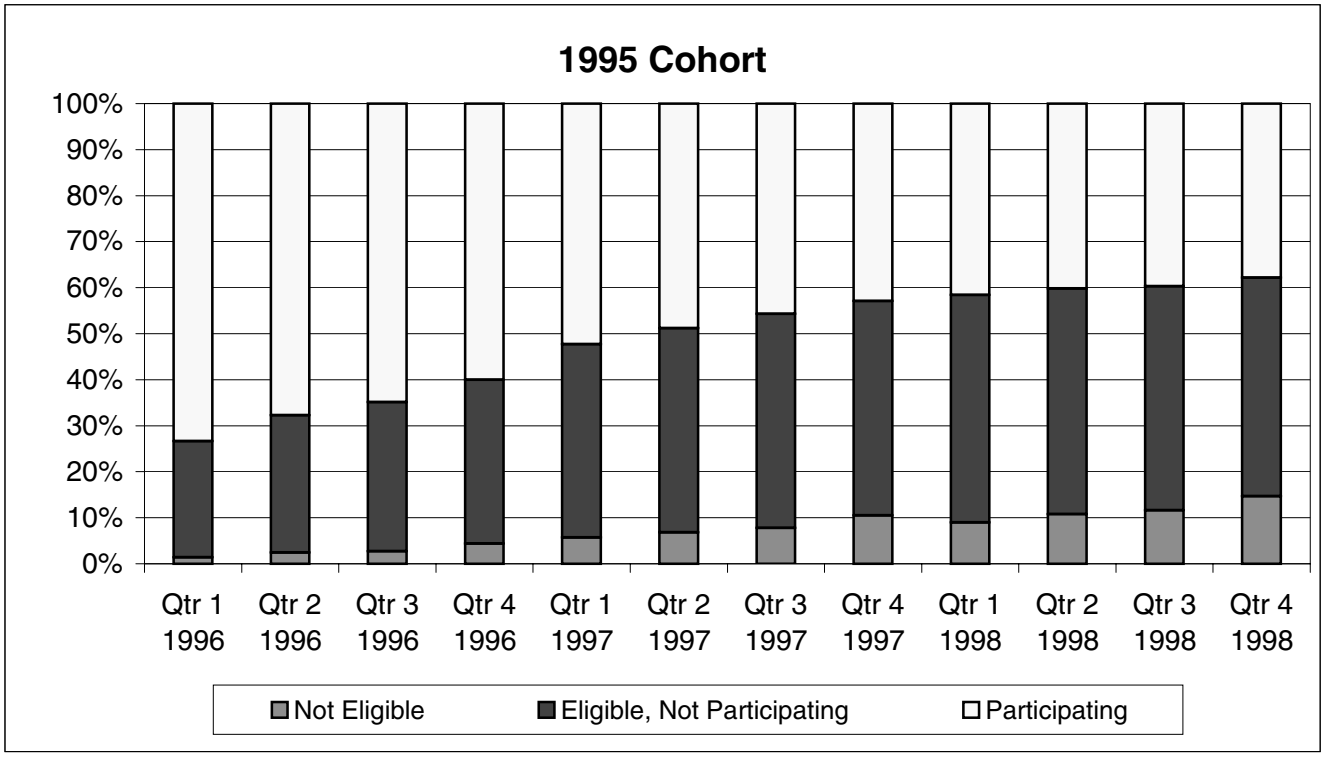
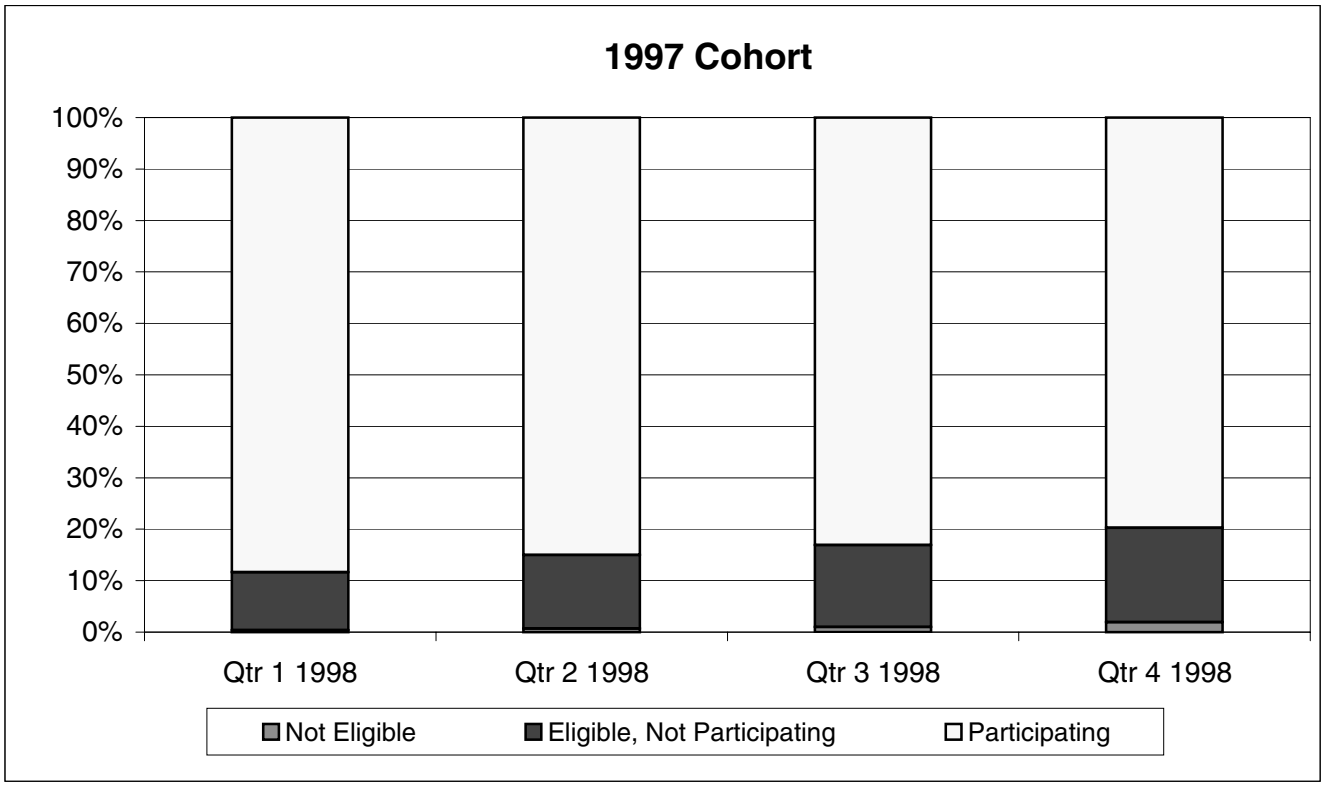


Figure 3: Children's Medicaid Receipt, by Calendar Quarter





These take-up rates are larger than those reported in other studies.[26] Zedlewski and Brauner (1999) report Food Stamp participation rates of 42 percent among eligible leavers, based on survey data. This is comparable to our quarterly Wisconsin figures indicating participation rates of 44–50 percent for those who left in 1995, but considerably below our rates of 65–75 percent for those who left in 1997. In most of the ten leavers studies funded by the DHHS, between one-third and one-half of leavers received Food Stamps immediately after exit, and between one-fifth and two-fifths were participating in Food Stamps one year after exit. These figures are also lower than those reported here. Some of the difference may be a reflection of more complete reporting of benefits in administrative data. A comparison of survey responses and administrative records of Food Stamp benefits for a somewhat different sample of Wisconsin welfare participants found higher participation, by about 10 percentage points, in administrative data (Cancian and Meyer, 2000, Appendix Table II.4.5).

For Medicaid, Garrett and Holohan's (2000) finding that 56 percent of women who left welfare reported participation is quite similar to our finding of a Medicaid participation (take-up) rate for 1995 mothers of 63 percent in at least 1 month in the first quarter after leaving (and 62 percent in the second quarter). After the first 6 months, however, the Wisconsin and national findings diverge: Garrett and Holohan report that 35 percent of women leavers continued to participate in Medicaid 1 year after leaving cash welfare, whereas we find participation rates among mothers of 59 percent and 57 percent in quarters three and four after exit.[27] The DHHS-funded projects generally reported Medicaid participation rates of around 40 percent in the fourth quarter after exit.

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[26]Whereas our take-up rates are reported for the eligible population, those of other studies are typically for the entire group of leavers. Table 1 indicates, however, that annual take-up rates over the entire cohort are only slightly lower than those among the eligibles—from 1.4 to 2.4 percentage points lower for Food Stamps, and less than 1 percentage point for Medicaid cases.

[27]Similar trends in the two studies exist for children. Our study and that of Garrett and Holohan find similar participation rates in the first 6 months after welfare exit, but our study shows higher rates of Medicaid participation after that.

PREDICTORS OF FOOD STAMP AND MEDICAID TAKE-UP

Next we explore which of the eligible leaver families were most likely to take up these health-related noncash benefits. Tables 2–4 summarize the results of probit analyses of benefit receipt among cases that left cash welfare and were eligible for Food Stamps and Medicaid benefits at any point during the year after exit. Separate results are shown for the 1995 and 1997 groups of leavers, with a test for statistical differences between the coefficients for 1995 and 1997. Table 2 summarizes results for Food Stamp benefit recipiency. Table 3 presents results for receipt of Medicaid benefits by a family, and Table 4 shows receipt of Medicaid by any child in the case.

Consider first the Food Stamp results. For both the early and the late leavers, a similar set of variables are related to Food Stamp take-up:

- having more years of education (-, 1995 only)
- being African American (+, 1995 only)
- having more than one child (+)
- other adults in the household (−)
- having a child on SSI (−)
- having more quarters of employment in the 2 years before leaving welfare (+)
- having more months of cash welfare recipiency in the 2 years before leaving (+)
- having more than one spell of cash welfare recipiency in the last 2 years (+, 1995 only)
- the percentage of female-headed households in the neighborhood (+, 1997 only)
- the number of quarters of eligibility for Food Stamps (+)

Many of the patterns observed for Food Stamp take-up are true for Medicaid take-up as well, although there are a few differences. Whereas a respondent's duration of schooling was not significantly related to the probability of Food Stamp participation in the 1997 cohort, it was positively related to the

TABLE 2
Probability of Food Stamp Take-Up among Eligible Leaver Households (U.S. Citizens Only)

	1995 Cohort			1997 Cohort			Cohort Difference
	Coefficient	Std. Error		Coefficient	Std. Error		
Mother's Age							
Age	0.003	0.017		0.019	0.017		
Age squared	0.000	0.000		0.000	0.000		
Education (compared to less than a high school degree)							
High school graduate	-0.058	0.035	*	-0.010	0.040		
More than high school graduate	-0.094	0.046	**	-0.048	0.058		
Race (compared to white)							
African American	0.169	0.050	***	0.086	0.052		
Hispanic	0.132	0.070	*	0.068	0.078		
Other	0.101	0.089		0.195	0.103	*	
Number of Own and Foster Children (compared to one)							
Two	0.029	0.038		0.238	0.046	***	***
Three or more	0.115	0.046	**	0.327	0.053	***	***
Age of Youngest Child (compared to less than one)							
1	-0.018	0.057		-0.009	0.057		
2	0.004	0.060		-0.041	0.069		
3–5	0.007	0.054		-0.057	0.057		
6–11	-0.054	0.061		-0.021	0.066		
12–18	-0.137	0.079	*	-0.065	0.090		
Other Adults in Household	-0.169	0.036	***	-0.273	0.042	***	*
Other Children in Household	0.039	0.055		-0.117	0.059	**	*
At Least One Child on SSI	-0.257	0.063	***	-0.318	0.065	***	
County of Residence (compared to other urban counties)							
Milwaukee	0.118	0.113		0.317	0.139	**	
Rural counties	0.110	0.075		0.211	0.116	*	
Brown	0.088	0.109		0.465	0.171	***	*
Dane	0.232	0.102	**	0.292	0.128	**	
Douglas	0.156	0.183		0.325	0.170	*	
Eau Claire	0.260	0.129	**	0.396	0.184	**	
Kenosha	0.130	0.102		0.405	0.137	***	
La Crosse	0.245	0.132	*	0.596	0.206	***	
Marathon	0.196	0.143		0.174	0.208		
Racine	-0.064	0.102		0.236	0.134	*	*
Rock	0.083	0.105		0.390	0.147	***	*
Waukesha	-0.049	0.118		0.223	0.162		
Winnebago	-0.030	0.124		0.133	0.189		

(table continues)

TABLE 2, continued

	1995 Cohort			1997 Cohort			Cohort Difference
	Coefficient	Std. Error		Coefficient	Std. Error		
Number of Quarters with Earnings in Previous 2 Years[a] (compared to zero)							
1–3 quarters	0.312	0.048	***	0.219	0.056	***	
4–7 quarters	0.450	0.048	***	0.344	0.056	***	
8 quarters	0.591	0.056	***	0.474	0.073	***	*
Percentage of Female Headed Households in ZIP Code of Residence	0.241	0.153		0.584	0.159	***	**
Number of Months Received Cash Welfare in Previous 2 Years[a] (compared to 6 months or less)							
7–12 months	0.177	0.055	***	0.140	0.062	**	
13–18 months	0.341	0.055	***	0.287	0.066	***	
19–24 months	0.348	0.044	***	0.449	0.055	***	*
More than One Cash Welfare Spell in Previous 2 Years[a]	0.090	0.037	**	0.059	0.044		
Unemployment Rate in County of Residence[b]	-0.013	0.033		0.007	0.026		
Number of Quarters Eligible to Receive Benefit (compared to one quarter)							
Two quarters	0.599	0.103	***	0.135	0.135		***
Three quarters	0.843	0.093	***	0.383	0.123	***	***
Four quarters	1.136	0.081	***	0.911	0.107	***	*
Constant term	-1.741	0.294	***	-1.290	0.310	***	
Log likelihood	-4726.1			-3196.5			
Sample size	7,566			7,696			

* Statistically significant at the 10% level.
** Statistically significant at the 5% level.
*** Statistically significant at the 1% level.
Note: Model also controls for missing race and percentage of female headed households.
[a]October 1993 through September 1995 for the 1995 cohort, and October 1995 through September 1997 for the 1997 cohort.
[b]September 1995 for the 1995 cohort and September 1997 for the 1997 cohort.

TABLE 3
Probability of Medicaid Take-Up among Eligible Leaver Households (U.S. Citizens Only)

	1995 Cohort			1997 Cohort			Cohort Difference
	Coefficient	Std. Error		Coefficient	Std. Error		
Mother's Age							
Age	-0.025	0.018		-0.039	0.019	**	
Age squared	0.000	0.000		0.001	0.000	*	
Education (compared to less than a high school degree)							
High school graduate	0.088	0.036	**	0.000	0.040		
More than high school graduate	0.148	0.048	***	0.179	0.062	***	
Race (compared to white)							
African American	-0.038	0.052		-0.028	0.053		
Hispanic	0.025	0.073		0.076	0.079		
Other	-0.036	0.091		0.034	0.107		
Number of Own and Foster Children (compared to one)							
Two	-0.031	0.039		0.083	0.049	*	*
Three or more	-0.063	0.047		0.004	0.053		
Age of Youngest Child (compared to less than one)							
1	-0.030	0.060		-0.010	0.058		
2	0.090	0.063		0.009	0.070		
3–5	0.021	0.056		0.109	0.059	*	
6–11	0.091	0.063		0.022	0.065		
12–18	-0.070	0.081		-0.090	0.091		
Other Adults in Household	-0.087	0.037	**	-0.032	0.044		
Other Children in Household	-0.026	0.058		-0.128	0.062	**	
At Least One Child on SSI	-0.062	0.066		-0.060	0.066		
County of Residence (compared to other urban counties)							
Milwaukee	0.018	0.119		0.015	0.153		
Rural counties	0.105	0.080		0.101	0.133		
Brown	0.082	0.116		-0.056	0.184		
Dane	0.051	0.108		-0.264	0.141	*	*
Douglas	0.060	0.195		-0.124	0.183		
Eau Claire	0.175	0.142		0.350	0.227		
Kenosha	0.006	0.107		-0.098	0.149		
La Crosse	-0.050	0.139		0.186	0.235		
Marathon	0.181	0.155		-0.388	0.221	*	**
Racine	-0.176	0.106	*	-0.079	0.147		
Rock	0.068	0.110		0.023	0.162		
Waukesha	0.002	0.125		0.261	0.199		
Winnebago	0.094	0.132		-0.131	0.208		

(table continues)

TABLE 3, continued

	1995 Cohort			1997 Cohort			Cohort Difference
	Coefficient	Std. Error		Coefficient	Std. Error		
Number of Quarters with Earnings in Previous 2 Years[a] (compared to zero)							
1–3 quarters	0.465	0.049	***	0.327	0.057	***	*
4–7 quarters	0.687	0.049	***	0.367	0.057	***	***
8 quarters	0.948	0.059	***	0.496	0.074	***	***
Percentage of Female Headed Households in ZIP Code of Residence	-0.127	0.157		-0.022	0.151		
Number of Months Received Cash Welfare in Previous 2 Years[a] (compared to 6 months or less)							
7–12 months	0.178	0.057	***	0.284	0.066	***	
13–18 months	0.383	0.058	***	0.303	0.068	***	
19–24 months	0.488	0.046	***	0.469	0.057	***	
More than One Cash Welfare Spell in Previous 2 Years[a]	0.061	0.040		0.005	0.045		
Unemployment Rate in County of Residence[b]	-0.034	0.034		-0.040	0.028		
Number of Quarters Eligible to Receive Benefit (compared to one quarter)							
Two quarters	0.459	0.098	***	0.274	0.112	**	
Three quarters	0.912	0.084	***	0.717	0.100	***	
Four quarters	1.167	0.073	***	1.362	0.088	***	*
Constant term	-0.882	0.303	***	-0.044	0.326		*
Log likelihood	-4184.9			-3061.0			
Sample size	7,558			7,584			

* Statistically significant at the 10% level.
** Statistically significant at the 5% level.
*** Statistically significant at the 1% level.
Note: Model also controls for missing race and percentage of female headed households.
[a]October 1993 through September 1995 for the 1995 cohort, and October 1995 through September 1997 for the 1997 cohort.
[b]September 1995 for the 1995 cohort and September 1997 for the 1997 cohort.

TABLE 4
Probability of Medicaid Take-Up by Any Eligible Child in Leaver Households (U.S. Citizens Only)

	1995 Cohort			1997 Cohort			Cohort Difference
	Coefficient	Std. Error		Coefficient	Std. Error		
Mother's Age							
Age	-0.028	0.019		-0.045	0.022	**	
Age squared	0.000	0.000	*	0.001	0.000	**	
Education (compared to less than a high school degree)							
High school graduate	0.065	0.038	*	-0.007	0.048		
More than high school graduate	0.122	0.051	**	0.097	0.072		
Race (compared to white)							
African American	-0.081	0.054		-0.049	0.063		
Hispanic	-0.070	0.075		-0.008	0.094		
Other	-0.057	0.097		0.139	0.133		
Number of Own and Foster Children (compared to one)							
Two	0.054	0.042		0.115	0.057	**	
Three or more	0.054	0.050		0.095	0.063		
Age of Youngest Child (compared to less than one)							
1	-0.167	0.062	***	-0.182	0.070	***	
2	-0.015	0.067		-0.188	0.084	**	
3–5	-0.089	0.060		-0.152	0.071	**	
6–11	-0.083	0.067		-0.169	0.079	**	
12–18	-0.027	0.088		-0.237	0.109	**	
Other Adults in Household	0.027	0.040		-0.011	0.053		
Other Children in Household	-0.051	0.061		-0.036	0.075		
At Least One Child on SSI	-0.015	0.071		-0.044	0.079		
County of Residence (compared to other urban counties)							
Milwaukee	-0.191	0.127		0.037	0.183		
Rural counties	0.115	0.085		0.115	0.161		
Brown	0.205	0.128		0.077	0.227		
Dane	0.051	0.114		-0.330	0.167	**	*
Douglas	-0.186	0.201		0.049	0.224		
Eau Claire	0.416	0.170	**	0.010	0.246		
Kenosha	-0.073	0.113		0.030	0.182		
La Crosse	-0.015	0.149		-0.001	0.264		
Marathon	0.202	0.171		-0.079	0.266		
Racine	-0.259	0.111	**	-0.150	0.175		
Rock	-0.038	0.117		0.012	0.193		
Waukesha	0.064	0.132		0.536	0.284	*	
Winnebago	0.233	0.148		-0.323	0.237		**

(table continues)

TABLE 4, continued

	1995 Cohort			1997 Cohort			Cohort Difference
	Coefficient	Std. Error		Coefficient	Std. Error		
Number of Quarters with Earnings in Previous 2 Years[a] (compared to zero)							
1–3 quarters	0.362	0.050	***	0.344	0.064	***	
4–7 quarters	0.611	0.051	***	0.445	0.065	***	**
8 quarters	0.836	0.061	***	0.824	0.093	***	
Percentage of Female Headed Households in ZIP Code of Residence	0.189	0.162		0.146	0.183		
Number of Months Received Cash Welfare in Previous 2 Years[a] (compared to 6 months or less)							
7–12 months	0.218	0.059	***	0.203	0.076	***	
13–18 months	0.440	0.060	***	0.250	0.078	***	*
19–24 months	0.564	0.047	***	0.548	0.066	***	
More than One Cash Welfare Spell in Previous 2 Years[a]	0.060	0.042		0.043	0.054		
Unemployment Rate in County of Residence[b]	-0.002	0.037		-0.053	0.033		
Number of Quarters Eligible to Receive Benefit (compared to one quarter)							
Two quarters	0.028	0.191		0.080	0.328		
Three quarters	0.443	0.163	***	0.601	0.315	*	
Four quarters	0.878	0.141	***	1.049	0.271	***	
Constant term	-0.469	0.340		0.663	0.460		**
Log likelihood	-3685.9			-2018.4			
Sample size	7,833			7,808			

* Statistically significant at the 10% level.
** Statistically significant at the 5% level.
*** Statistically significant at the 1% level.
Note: Model also controls for missing race and percentage of female headed households.
[a]October 1993 through September 1995 for the 1995 cohort, and October 1995 through September 1997 for the 1997 cohort.
[b]September 1995 for the 1995 cohort and September 1997 for the 1997 cohort.

probability of Medicaid use by the family for both cohorts. Moreover, race was not significantly related to the probability of Medicaid receipt. Finally, whereas age of the youngest child was not significantly related to Food Stamp use, it was related to Medicaid use—families with younger children are more likely to receive Medicaid, a pattern consistent with Medicaid eligibility rules.

The positive relationship between both (1) the number of previous quarters in the labor force and (2) the number of months receiving welfare in the previous 2 years and the probability of receiving Food Stamps or Medicaid are of particular interest. Some women cycle in and out of the labor force while moving in and out of welfare receipt, owing to their state of labor market readiness, the work or living patterns of a partner, spouse, or other adult (who may also enter or leave the unit or the labor force), and other factors. We would expect women who have previously cycled on and off welfare to have a better understanding of what benefits are available and how to gain access to them. Even if they more permanently leave cash public assistance for work, they may continue to receive health-related noncash benefits, just as they received cash benefits while working.[28] A test of this possibility, conducted by creating variables that reflect the number of prior quarters with both earnings and AFDC, supports this conjecture.

Some program factors also reduce the likelihood that women who did not work while on welfare will participate in Food Stamps and Medicaid after their welfare exit. For example, women with no preschool children who left W-2 in part because they did not want to comply with its work requirements may also not wish to participate in Food Stamps, owing to the similar work requirements of that program (applicable to households without preschool children). In addition, those who leave cash public assistance for reasons other than earnings or child support are ineligible for the Medicaid extension (see footnote 9).

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[28]Note the panel "Number of Quarters with Earnings in Previous 2 Years" in Tables 2, 3, and 4. Working in the quarters leading up to a welfare exit was significantly related to Food Stamp and Medicaid take-up.

To provide a sense of the magnitude of the effects implicit in the coefficients, Table 5 presents simulation results describing the probability of health-related benefit take-up during the first year after leaving welfare for a number of household types, identified by race, schooling, location, number of children, age of youngest child, prior welfare receipt, and quarters of eligibility. Probabilities of take-up are shown for Food Stamps, Medicaid receipt by the case head, and Medicaid receipt by any child in the family.

The likelihood of receipt of Food Stamps (see the first panel) for a prototypical African American living in Milwaukee is about 18 percentage points higher for the 1997 group of leavers than for the 1995 cohort. The estimate for a Caucasian woman in Milwaukee with the same other characteristics is somewhat lower in 1995 (by 6 percentage points), but differs by only 1 percentage point in 1997. If this Caucasian woman were living in a rural area (as opposed to Milwaukee), her estimated probability of receiving Food Stamps would be even lower. For the African American woman in Milwaukee, the most important quantitative effects simulated are not working in the prior 2 years (−16 percentage points in 1995; −5 percentage points in 1997) and welfare receipt of less than 6 months in the prior 2 years (−12 percentage points in 1995; −7 percentage points in 1997). Finally, those eligible for Food Stamps for only one quarter of the year are substantially less likely to receive benefits than those eligible all four quarters.

As noted above, the independent effects of education, race, and location on the probability of Medicaid participation sometimes differ from that for Food Stamps, but again the effects are modest. For both the mothers and any child, and for both 1995 and 1997, the largest effects on the probability of receipt are lack of prior work experience, length of welfare receipt, and the number of quarters of Medicaid eligibility. For the 1995 cohort, not working during the previous 2 years decreases the likelihood of the mother receiving Medicaid benefits by almost 24 percentage points, while having received welfare for less than 6 months in the prior 2 years reduces the likelihood of receiving Medicaid benefits by about 16

TABLE 5
Simulation of Probabilities of Benefit Take-Up during the Year after Exit from Welfare (U.S. Citizens Only)

Mother's Characteristics	1995 Cohort		1997 Cohort	
	Likelihood of Benefit Receipt	Change in Likelihood	Likelihood of Benefit Receipt	Change in Likelihood
Food Stamp Receipt				
Prototypical African American in Milwaukee	75.9		94.1	
Prototypical Caucasian in Milwaukee	70.3	-5.6	93.0	-1.1
Prototypical Caucasian in a rural county	68.4	-7.5	88.2	-5.9
African American in Milwaukee				
Less than 12 years education	77.7	1.8	94.2	0.1
More than 12 years education	74.8	-1.1	93.6	-0.5
One child	75.0	-0.9	90.7	-3.4
Three or more children	78.5	2.6	95.1	1.0
Youngest child aged 1	75.1	-0.8	94.6	0.5
Youngest child aged 12–18	71.2	-4.7	94.0	-0.1
Did not work in previous 2 years	60.0	-15.9	88.8	-5.3
Received welfare for 6 months or less in last 2 years	63.9	-12.0	86.7	-7.4
Eligible for Food Stamps in one quarter of year	33.3	-42.6	74.2	-19.9
Mother Receiving Medicaid				
Prototypical African American in Milwaukee	80.3		92.2	
Prototypical Caucasian in Milwaukee	81.3	1.0	92.6	0.4
Prototypical Caucasian in a rural county	85.5	5.2	94.4	2.2
African American in Milwaukee				
Less than 12 years education	77.7	-2.6	92.2	0.0
More than 12 years education	81.9	1.6	94.5	2.3
One child	81.1	0.8	90.9	-1.3
Three or more children	79.4	-0.9	91.0	-1.2
Youngest child aged 1	78.8	-1.5	90.3	-1.9
Youngest child aged 12–18	77.6	-2.7	88.8	-3.4
Did not work in previous 2 years	56.5	-23.8	85.3	-6.9
Received welfare for 6 months or less in last 2 years	64.2	-16.1	82.9	-9.3
Eligible for Medicaid in one quarter of year	37.6	-42.7	52.2	-40.0

(table continues)

TABLE 5, continued

Mother's Characteristics	1995 Cohort: Likelihood of Benefit Receipt	1995 Cohort: Change in Likelihood	1997 Cohort: Likelihood of Benefit Receipt	1997 Cohort: Change in Likelihood
Any Child Receiving Medicaid				
Prototypical African American in Milwaukee	84.0		95.0	
Prototypical Caucasian in Milwaukee	85.9	1.9	95.5	0.5
Prototypical Caucasian in a rural county	90.8	6.8	96.4	1.4
African American in Milwaukee				
Less than 12 years education	82.4	-1.6	95.1	0.1
More than 12 years education	85.4	1.4	96.0	1.0
One child	82.7	-1.3	93.7	-1.3
Three or more children	84.0	0.0	94.8	-0.2
Youngest child aged 1	82.1	-1.9	94.7	-0.3
Youngest child aged 12–18	85.5	1.5	94.1	-0.9
Did not work in previous 2 years	65.0	-19.0	88.5	-6.5
Received welfare for 6 months or less in last 2 years	66.7	-17.3	86.4	-8.6
Eligible for Medicaid in one quarter of year	54.7	-29.3	72.4	-22.6

Note: Prototypical is defined as aged 29, 12 years of education, two children, youngest child aged 3–5, no other household members, no child on SSI, received welfare for 19–24 months in last 2 years in a single spell, worked 4–7 quarters in previous 2 years, and was eligible to receive benefit in all four quarters of the year. The mean unemployment rate and percentage female-headed households specific to the county/region are used.

percentage points. These prior work and welfare experience effects are present, although smaller, for the 1997 cohort as well.[29]

Local administrative practice may also affect participation in Food Stamps and Medicaid. In particular, what case managers say about Medicaid and Food Stamps at exit and at required recertifications and (for working people) the convenience of recertification (such as weekend or evening office hours) may affect the choice of whether or not to participate.[30] Our results provide some evidence of county variation in take-up rates, even after controlling for the composition of the caseload and some indicators of county characteristics.[31]

LONGER-TERM TAKE-UP OF BENEFITS

Over longer periods of time, we would expect to see eligibility for Food Stamps and Medicaid to decline as mothers who leave welfare increase their success in the labor market or change family composition in ways that lead to a loss of eligibility for these benefits. If the eligibility criteria are sufficiently generous, loss of eligibility might be viewed as a successful transition out of welfare

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[29]The difference in effects between the two cohorts could be due to behavioral responses to changes in labor markets or income support policy, or to differences in underlying characteristics not captured in the observed variables included in the models. We ran the model over the combined 1995 and 1997 samples and then applied a likelihood ratio test of the difference in coefficients between the two groups. This test indicates that the relationship between background characteristics and take-up is different in the two time periods, and this is true for both Food Stamps and Medicaid. The results of this test are available from the authors.

[30]Under statewide policy, recertification is now required quarterly for Food Stamps and annually for Medicaid. For routine cases, every other Food Stamp recertification may be accomplished by phone contact; the intervening recertifications require in-person contact. The annual Medicaid recertifications must be conducted in person. The state's policy for Food Stamp recertification changed in 1999; prior to that (in 1995 and 1997) Food Stamp recertification required in-person contact every 6 months. Medicaid recertification policies are largely unchanged in recent years; in 1995 and 1997, Medicaid recertifications for most cases required annual in-person reviews.

[31]Linking local administrative practices to take-up rates (perhaps following field observation of local administrative practice) might be important in further exploring the role of administrative practice in encouraging or discouraging the take-up of benefits.

dependency.[32] However, among leavers who remain eligible for benefits, higher rates of Food Stamp and Medicaid take-up are likely to be desirable. Thus, separating out the eligible and ineligible populations becomes more critical with time.

Table 6 shows the pattern of benefit receipt over 3 years for the 1995 cohort. The first panel shows the steady decline in the proportion of the leavers cohort that received cash benefits—from 29 percent during the first year after exit to less than 8 percent 3 years after exit. However, the dollar amount received by those with benefits increased, reflecting the increase in cash benefits for smaller families under Wisconsin's TANF program, compared to benefit levels under the AFDC program.

The eligibility and take-up rates over 3 years for Food Stamps and Medicaid are shown in the remaining panels of Table 6.[33] For Food Stamps, the percentage of cases that we estimate were eligible fell from 96 percent in the first year to 89 percent by the third year after leaving. For Medicaid, the decrease was smaller—from over 99 percent of cases to 95 percent.[34] Among those that remained eligible, the take-up rates for both forms of benefits also fell. Whereas 60 percent of eligible cases received Food Stamp benefits in the first year after leaving, only 40 percent of these leavers were Food Stamp recipients by the third year. For eligible Medicaid recipients, the reductions were even larger—from 70 percent to 36 percent for case heads, and from 79 percent to 51 percent for eligible children.[35] The mean amount of Food Stamp benefits received also fell over time, from $1,339 in the first year to $1,168 by year three.

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[32] This criterion is more directly applicable to Food Stamps, which substitute for cash in purchasing food. Earnings are a less desirable substitute for Medicaid than is employer-provided health insurance.

[33]For comparison, the Wisconsin Department of Workforce Development reports that of the 73,204 families receiving AFDC in April 1995, 83 percent were also receiving Food Stamps and 99.4 percent were receiving Medicaid. In April 1997 there were 40,849 families receiving AFDC, 82 percent of which were also receiving Food Stamps and 99.6 percent of which were receiving Medicaid.

[34]However, for the heads of these families, the percentage of leavers who are eligible falls from 96 percent to 80 percent over the 3 years.

[35]The pattern is similar across three age groups shown in the table: 1–5 years old, 6–14 years old, and 15–18 years old.

TABLE 6
Benefit Receipt among the 1995 Cohort of Leavers in Three Years after Exit (U.S. Citizens Only; 1998 Dollars)

1995 Cohort (N = 7,879)	First Year after Exit	Second Year after Exit	Third Year after Exit	During Three Years after Exit
% receiving AFDC/TANF	29.1	18.2	7.6	34.6
Mean AFDC/TANF amount among recipients	$2,055	$2,509	$2,684	$3,638
% receiving Food Stamps	57.7	43.2	35.6	66.1
% of families eligible to receive Food Stamps	96.0	92.7	89.4	98.2
% of those eligible receiving Food Stamps	60.1	46.7	39.8	67.4
Mean Food Stamp amount among recipients	$1,339	$1,325	$1,168	$2,663
% of families receiving Medicaid	79.7	59.8	49.4	84.2
% of families eligible to receive Medicaid	99.6	97.4	95.4	99.8
% of eligible families receiving Medicaid	80.0	61.4	51.7	84.4
% of mothers receiving Medicaid	67.2	44.0	29.1	73.5
% of mothers eligible to receive Medicaid	95.9	87.1	79.7	97.8
% of eligible mothers receiving Medicaid	70.1	50.5	36.4	75.1
% of families with eligible children receiving Medicaid	79.4	60.9	51.3	83.7
Less than 1 year old	78.6	NA	NA	NA
1–5 years old	77.6	60.4	51.1	81.9
6–14 years old	78.1	59.5	49.1	76.4
15–18 years old	77.9	62.4	52.6	73.6

NA = Fewer than 10 observations.

These participation patterns are consistent with increases in income over time, which is one of the findings of previous research on the income patterns of welfare leavers (Cancian et al. 2000a; Meyer and Cancian 1998). Increases in income over time would reduce both eligibility for Food Stamps and the amount of benefits for which individuals are eligible (which would then reduce the incentive to apply for benefits). Decreasing participation over time is also consistent with a lack of convenient access to offices that certify benefit eligibility, high transaction costs, or other administrative barriers. Similarly, the reduction in the amount of Food Stamp benefits received may reflect an increase in incomes, the negative effect of higher incomes on the value of Food Stamp benefits, or other factors.

Since the value of Medicaid is constant over income levels among those eligible, unlike the value of Food Stamps, the steady decline in the take-up of Medicaid is perhaps more surprising. Part of the explanation for the observed decline may be that some of these families obtain private employer-based coverage, either through the woman's own employer or possibly through the employer of a new spouse, but this factor is not likely to account for all of the decrease. The explanation may also lie in some combination of high transaction costs to establish eligibility, lack of knowledge, limited access to care by Medicaid providers in the community in which they live, or other administrative obstacles. Finally, it is likely that the portion of family income captured by our administrative data declines somewhat over time—for example, if women marry we do not observe spousal earnings, and we thus may mismeasure eligibility. More research is needed to understand these patterns.

CONCLUSION

Although the overall declines in Food Stamp caseloads have generated much attention in Wisconsin and nationally, these declines do not appear to be attributable to falling rates of participation in these programs among those remaining eligible in the first year after leaving cash welfare. Although a greater proportion of welfare recipients left cash assistance in the second period, Food Stamp and Medicaid

take-up in Wisconsin was higher among those who left in 1997 than among those who left in 1995. Those who left in 1997 had lower incomes than did the earlier cohort, which would increase the number eligible for Food Stamps, make them eligible for higher amounts, and thereby increase take-up.

There is some evidence (see Tables 2–4) that working while still receiving cash benefits is positively associated with take-up of health-related noncash benefits after cash grants end. It may be that people become accustomed to combining work and these noncash benefits, and that the familiarity of doing so carries over after cash benefits terminate. If this is so, a policy of allowing people to work and simultaneously receive cash benefits might stimulate Medicaid and Food Stamp participation after all cash benefits end. This is consistent with the desire to stimulate work (and human capital via work experience) and maintain or increase the economic well-being of participating families.

The take-up of health-related benefits appears to decline substantially over time after exit from cash welfare among those who remain eligible for the benefits. In the case of Food Stamps, it may be that those who are eligible for small amounts of Food Stamps do not collect them, but it may also be that there exist substantial barriers to obtaining the benefits for which they are eligible. It is also possible that our measures of income are less complete in later years, leading us to misclassify a growing portion of leavers as eligible. The decline over 3 years in the Medicaid take-up rate to about 50 percent for eligible children (Table 6) suggests potential problems in the access to health care for the families of these children.

Our research also suggests that the take-up of health-related benefits is far from automatic among those eligible—the simple enactment of higher eligibility thresholds does not automatically increase use of the benefits. The barriers may be administrative, informational, a result of stigma associated with income-conditioned programs, or a result of disinterest among potential participants. The higher take-up rate among the later cohort of welfare leavers in Wisconsin provides some evidence that aggressive efforts by program managers to increase client awareness can influence the take-up of health-related benefits among the low-income population.

Appendix 1

Sample Definition

We extracted data from the CARES database for all 65,823 AFDC-Regular recipients in Wisconsin in September 1995 and all 30,980 recipients of either AFDC-Regular or W-2 cash benefits in Wisconsin in September 1997. For both samples, we excluded cases in which there were no children identified in the assistance group (n = 716, 1995; n = 195, 1997), cases in which the children are not cared for by a parent (n = 6,165, 1995; n = 3,543, 1997), cases in which the case head was receiving Supplemental Security Income (SSI) (n = 6,269, 1995; n = 5,516, 1997), cases in which the case head was less than 18 or more than 65 years old (n = 294, 1995; n = 91, 1997), cases in which the case head was a male (n = 1,679, 1995; n = 504, 1997), cases with two parents present in the household (n = 482, 1995; n = 136, 1997), and cases which were open in September but received $0 in cash benefits in both September and October (n = 613, 1995; n = 387, 1997). Because of the change in eligibility for legal immigrants between 1995 and 1997 we also excluded cases in which any household member was not a U.S. citizen (n = 1,408, 1995; n = 870, 1997).

This results in final sample sizes of 48,197 for the 1995 cohort, and 19,738 for the 1997 cohort. Most of the analyses in this report are performed on the subset of each cohort that left cash assistance in the fourth quarter of the year (the leavers). Specifically, leavers are defined as those who received $0 in cash assistance for two consecutive months between October and January. By this definition there were 7,879 leavers in the 1995 cohort and 7,828 leavers in the 1997 cohort. Appendix 2 provides descriptive statistics on the samples.

Unlike some earlier reports on welfare leavers in Wisconsin (e.g., Cancian et al. 1999) we include *all* leavers, even those who do not appear in any administrative records after leaving welfare ("disappearers"). Thus these results are comparable in this respect to DHHS leavers' studies in other states.

Food Stamp Variables

Information on Food Stamp receipt for all household members in our samples was obtained from the CARES database. This information was gathered for the period July 1995 through December 1998 for the 1995 cohort and the period July 1997 through December 1998 for the 1997 cohort. These data were used to determine whether anyone in the household was receiving assistance in each of the quarters following exit, as well as the total amount of Food Stamp benefits received by the household.

Medicaid Variables

Information on Medicaid receipt for all household members in our samples was obtained from the CARES database. This information was gathered for the period July 1995 through December 1998 for the 1995 cohort and the period July 1997 through December 1998 for the 1997 cohort. These data were used

to determine whether anyone in the household was receiving assistance in each of the quarters following exit.[36]

Demographic Variables

The demographic variables were taken from the CARES database and reflect the characteristics as of September 1995/1997. These variables include mother's age, mother's education level, mother's race, the number of own and foster children in the household, the age of the youngest child in the household, the presence of other household members who are not part of the AFDC/TANF case, SSI status of children, and county of residence. For analysis purposes the counties are grouped as follows: Milwaukee County, other urban counties (Brown, Calumet, Chippewa, Dane, Douglas, Eau Claire, Kenosha, La Crosse, Marathon, Outagamie, Ozaukee, Pierce, Racine, Rock, St. Croix, Sheboygan, Washington, Waukesha, and Winnebago), and rural counties (all other counties).

Earnings Variables

Earnings information came from the state Unemployment Insurance (UI) database. We have information on quarterly earnings of each household member from first quarter 1993 through fourth quarter 1998. These data were used to calculate the number of quarters the mother worked in the 2 years before we observe her (fourth quarter 1993 through third quarter 1995 for the 1995 cohort, and fourth quarter 1995 through third quarter 1997 for the 1997 cohort) as well as her total earnings during this period. We also calculated total household earnings in each of the four quarters after exit for the 1997 cohort and in each of the 12 quarters after exit for the 1995 cohort. This information is used to estimate Food Stamp and Medicaid eligibility in the quarters after exit as described below.

Geographic Variables

The percentage of female-headed households in the ZIP Code of residence was taken from the 1990 census ZIP-Code-level database, STF3B.

Monthly county-level unemployment rates are from the Wisconsin Department of Workforce Development, Local Area Unemployment Statistics. The reported unemployment rates are for the entire county. For members of our samples who reside on an Indian reservation, unemployment rates for the following counties were used:

Indian Reservation	**County Unemployment Rate Used**
Red Cliff	Bayfield
Stockbridge Munsee	Shawano
Lac du Flambeau	Vilas
Bad River	Ashland
Oneida	Green Bay MSA

[36]Note that receipt of Medicaid only indicates the person obtained a Medicaid card, not that she/he actually received medical services paid for by Medicaid.

Estimation of Eligibility for Food Stamps and Medicaid

A household is considered to be eligible for Food Stamps in a given quarter if the total earnings of all household members, as reported in the Wisconsin UI database, are less than 130 percent of the federal poverty level. If a household was determined not to be eligible by this standard in a given quarter, but did receive Food Stamps during the quarter, the data were corrected to record that the family was eligible for Food Stamps. This occurred in between 1.6 and 3.4 percent of cases each quarter. This is due to our assumption that a family's earnings are spread evenly across the quarter, whereas a family may have actually had very little earnings in one month, making them eligible to receive Food Stamps in that month.

We calculated Medicaid eligibility for each household member based on the poverty-related criteria for eligibility. We do not have data available to estimate eligibility under the more lenient medically needy categories of eligibility. Household earnings were calculated as the total earnings reported in the UI database with deductions of $90/month for work expenses and $30/month plus 1/3 of the remainder earnings disregard.[37]

Based on these earnings, adults are eligible for Medicaid if household income is less than the amounts listed in Table A1. Pregnant women[38] and children up to age 6 are eligible if household income is less than 185 percent of the federal poverty level. Children between the ages of 6 and 19 born after September 30, 1983, are eligible if household income is less than 100 percent of the federal poverty level. If a person was determined not to be eligible by this standard in a given quarter, but did receive Medicaid during the quarter, the data were corrected to record that the person was eligible for Medicaid. This occurred in between 1.9 and 6.5 percent of cases each quarter. About half of these cases were eligible for a 12-month extension of their Medicaid benefits after obtaining work. The other cases are a combination of people who were eligible under the medically needy categories and the result of our smoothing a family's earnings over the 3 months during a quarter.

[37]From October 1995 through August 1997 a person who was not eligible for AFDC did not receive the $30 plus 1/3 disregard. Since we do not know whether each person is eligible for AFDC, we use the $30 plus 1/3 disregard for everyone. We also estimated eligibility with only the $90/month deduction and found that the change in our estimates was insignificant.

[38]We do not have data indicating whether a woman is pregnant. Therefore, mothers are assumed to be pregnant for the two quarters preceding the addition of a child into the household.

Appendix Table A1
Medicaid Eligibility Limits, by Family Size

Family Size	Maximum Monthly Income
1	$311
2	550
3	647
4	772
5	886
6	958
7	1,037
8	1,099

APPENDIX 2
Characteristics of the AFDC-Regular Caseload in Wisconsin (U.S. Citizens Only)

	1995		1997	
	All Cases	Leavers	All Cases	Leavers
Total (N)	48,197	7,879	19,738	7,828
%		16.3		39.7
Region				
Milwaukee	55.0	38.9	75.7	56.3
Other urban	29.1	36.4	16.8	29.7
Rural	15.9	24.7	7.5	14.1
Mother's Age				
18–24	36.3	32.3	38.0	38.4
25–29	23.9	24.1	22.5	23.4
30–39	32.2	34.9	30.6	30.3
40+	7.6	8.7	8.9	7.9
Education				
<11 years	22.8	18.0	27.3	22.6
11 years	19.7	15.0	25.8	22.3
12 years	42.9	48.3	37.1	42.0
>12 years	14.6	18.6	9.8	13.1
Race				
White	41.4	54.5	22.9	35.9
African American	43.3	30.9	59.6	45.7
Hispanic	6.2	5.9	6.8	7.3
Other	3.1	3.2	2.5	3.6
Unknown	6.1	5.5	8.2	7.5
Number of Own and Foster Children				
1	39.1	46.9	33.1	35.6
2	30.0	30.3	29.2	30.1
3+	30.9	22.8	37.7	34.3
Age of Youngest Child				
<1	18.4	14.5	23.7	27.1
1	17.0	13.9	17.6	16.8
2	13.0	12.6	11.1	10.0
3–5	24.2	26.0	21.6	20.8
6–11	19.5	22.5	18.7	18.3
12–18	7.8	10.4	7.4	6.9

(table continues)

APPENDIX 2, continued

	1995		1997	
	All Cases	Leavers	All Cases	Leavers
Other Household Members				
Other children only	2.4	1.7	3.9	3.0
Other adults only	20.4	23.0	17.9	19.0
Other adults and other children	7.3	8.0	7.1	7.2
Child on SSI	9.2	6.4	11.8	8.8
Start of Current Spell (months before Sept. 1995/1997)[a]				
0–3 months	14.7	27.6	17.3	21.1
4–6 months	6.7	10.3	10.0	11.9
7–9 months	5.2	6.5	6.8	7.7
10–12 months	4.4	5.4	5.2	6.1
13–18 months	7.1	7.0	6.3	6.6
19–24 months	6.1	5.2	4.5	4.7
More than 24 months	55.9	38.0	49.9	41.9
Number of Months Received Welfare in Previous 2 Years[a]				
6 months or less	9.7	15.9	8.5	12.6
7–12 months	9.0	13.3	9.3	11.8
13–18 months	12.0	17.0	14.5	16.4
19–24 months	69.3	53.8	67.7	59.2
Number of Quarters with Earnings in Previous 2 Years[a]				
None	27.7	13.9	20.4	12.6
1–3 quarters	32.3	29.1	34.9	33.8
4–7 quarters	29.8	37.5	35.0	39.7
8 quarters	10.2	19.4	9.7	13.9
Total Earnings in Previous 2 Years[a]				
<$500	38.1	20.1	31.8	21.4
$500–$2,499	19.0	15.7	22.3	21.7
$2,500–$7,499	21.1	25.5	24.5	28.2
$7,500 or more	21.7	38.7	21.5	28.7

[a]Sample for the 1995 cohort includes mothers who were 18 or older in October 1993 (N = 44,7161 total and 7,452 leavers); sample for the 1997 cohort includes those 18 or older in October 1995 (N = 17,854 total and 7,113 leavers). Previous 2 years is October 1993 through September 1995 for the 1995 cohort, and October 1995 through September 1997 for the 1997 cohort.

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