Medicaid Work Requirements – Potential Impact on Medicaid Enrollees

Most who aren't working aren't able to, and pursuing them would be costly to the state.

Opponents of the Patient Protection and Affordable Care Act (ACA) have long criticized expanding Medicaid eligibility to non-disabled adults without children. Since efforts to repeal the ACA stalled out in Congress, the Trump Administration has used their administrative authority to re-shape Medicaid. Republicans have argued that employment is linked to better health outcomes and helps move people off Medicaid and out of poverty. The Trump Administration is giving the greenlight to states to condition Medicaid eligibility on meeting a work and/or community engagement requirement.

> "THIS POLICY IS ABOUT HELPING PEOPLE ACHIEVE THE AMERICAN DREAM... PEOPLE MOVING OFF OF MEDICAID IS A GOOD OUTCOME BECAUSE WE HOPE THAT MEANS THEY DON'T NEED THE PROGRAM ANYMORE."
>
> CMS Administrator Seema Verma

The Centers for Medicare and Medicaid Services (CMS) is encouraging states to tailor work requirements to adults who are eligible for Medicaid based on income, not disability. They have also indicated a preference for following existing federal program work requirements found in programs like the Temporary Assistance for Needy Families (TANF), and Supplemental Nutrition Assistance Program (SNAP). CMS has also indicated that they will allow states to account for local conditions such as high unemployment in certain areas and other factors such as "lack of viable transportation."

States are increasingly using waivers to undercut the Medicaid entitlement

Three state waivers have been approved to date: Arkansas, Kentucky and Indiana. Several other states reportedly have waivers pending.[1] Each carries a combination of additional provisions that may affect eligibility or affordability of coverage. All approved waivers have exemptions for work requirements for "medically frail" adults, certain caregivers, students and pregnant women. Arkansas and Kentucky both have lockout periods if enrollees fail to comply with the requirements. The requirements themselves vary in each state, and guidance by CMS does not specifically mandate that these populations be exempt from work requirements.[2] Some states have included "Lifetime Coverage Limits" in their demonstration waivers.[3] Many questions remain as to how closely CMS will monitor states' waiver implementation to ensure they do not create barriers to care for pregnant women, medically frail and the disabled. It remains to be seen how closely CMS will monitor much of the administration of the waivers themselves since CMS has made clear they will not provide federal resources to states to administer work requirements.

In Illinois, Medicaid expansion helped part-time workers in jobs that may not have offered health insurance

Between 2011 and 2016, we see large increases in the percentage of workers who worked less than 40 hours per week who had some type of insurance. Workers reporting 1 to 15 hours per week with some kind of health insurance increased by 9.9%, 16 to 29 hours by 11.7%, 30 to 34 hours by 13.2% and 35 to 39 hours by 10.3%. The largest overall gains came from increased Medicaid coverage. Employees working 16 to 29 hours per week almost doubled their Medicaid coverage from 12.1% to over 22%. Other large increases were in the 30 to 34 hour category, which increased from 12.4% to 19.8%, and the 1 to 15 hour category, from 12.9% to 18.7%.[4]

Medicaid expansion in Illinois increased the percentage of workers insured in many industries

Notable in this increase were Administrative Support (8% increase), Retail (7.9% increase) and Accommodations and Food Service (7.7% increase). In each of these industries, many employers continued to fail to offer low-wage workers health care coverage, but expanded Medicaid eligibility allowed low-wage workers to be insured.

A small percentage of workers – about 3% on average across most industries – may have benefitted from the exchanges in Illinois. Most industries saw an increase from around 10% of workers directly purchasing insurance before ACA, to around 13% after ACA implementation. The highest were the "rural industries" of Agriculture, Forestry, Fishing, Hunting and Mining – where self-employment is not unusual, particularly in farming – Arts and Entertainment, Other Services, Professional Services, Finance, and Information. In each of these, self-employed persons or persons in very small firms can earn well and may choose to purchase their own insurance.

	2011	2016	Change	2011	2016	Change	Pct Change
Non-Benefit Occupations							
Any Insurance	66.5%	82.5%	16.0%	965,361	1,205,825	240,464	24.9%
Employer/Union	44.9%	49.2%	4.3%	651,885	718,639	66,754	10.2%
Purchased Directly	8.3%	12.0%	3.7%	120,905	175,002	54,097	44.7%
Medicaid	13.5%	21.9%	8.4%	196,706	319,993	123,287	62.7%
All				1,934,857	2,419,459	484,602	25.0%
Individual Occupations							
Any Insurance	85.3%	92.6%	7.4%	170,170	190,828	20,658	12.1%
Employer/Union	60.3%	62.8%	2.5%	120,314	129,455	9,141	7.6%
Purchased Directly	17.2%	20.6%	3.4%	34,314	42,452	8,138	23.7%
Medicaid	7.8%	10.4%	2.6%	15,602	21,459	5,857	37.5%
All				340,400	384,194	43,794	12.9%

Do we need work requirements in Illinois?

The data tells us that 43% of working age Medicaid enrollees are already working in Illinois, so claims by critics of the ACA that Medicaid is a disincentive for self-sufficiency are simply not true.

And this figure follows national trends – 60% of non-elderly adults without SSI enrolled in Medicaid are already working full-time, part-time and for more than half the year and are still eligible for ACA Adult Medicaid. That's nearly 15 million people who are working at poverty- level wages in low status jobs. More than half of Medicaid enrollees who work (roughly 7.6 million) are working full-time for the full year and have income below 138% of the federal poverty level (or $16,642 for an individual).[5]

Medicaid enrollees working part-time (roughly 7.4 million) report they can't find full-time positions, or they live in an area with slack business conditions. Other reasons why Medicaid enrollees may only work part-time include education or family obligations. Medicaid enrollees who work for part of the year are working for 26 weeks – *more than half the year.*

Further, 42% of working Medicaid enrollees are employed by smaller firms in industries with low employer sponsored insurance offer rates. Smaller firms often do not provide health insurance coverage and are not required to under the ACA. More than 4 in 10 working Medicaid enrollees are working in industries that do not

usually provide health insurance coverage, such as agriculture and service industries, and 38% of Medicaid enrollees work within 10 industries.[6]

Instead of assuming people are malingerers, we should ask why a person working full time earns so little they still qualify for Medicaid

Of the Illinois Medicaid enrollees in 2016, 25.2% have a disability, many reporting more than one; and 28.6% of Medicaid enrollees not working have a child at home. Again, Illinois' Medicaid population tracks with national data that shows that many adult Medicaid enrollees are not working because they have chronic conditions, are caring for a family member, or are in school. Of the Illinois Medicaid enrollees who were not working in 2016, the group that would fall into the category the Trump Administration has identified as "eligible" for a work requirement would face an uphill battle to find employment or community engagement:

> AN INDIVIDUAL CAN WORK FULL-TIME AT THE FEDERAL MINIMUM WAGE AND STILL QUALIFY FOR ACA MEDICAID EXPANSION, SO WILL WORK REQUIREMENTS MOVE PEOPLE OFF THE MEDICAID ROLES AND OUT OF POVERTY?"

- **31.9%** have less than high school education
- **42.0%** are high school graduates
- **17.2%** have some college
- **39.9%** have a disability
- **57.2%** are over 40
- **44.3%** are over 50

People who lose Medicaid coverage due to noncompliance with a work requirement will still seek care at health centers and emergency departments. This result will force states to push those costs to other federal funding streams and/or increase the amount of uncompensated care rates at hospitals. In some cases, families will have to choose between caring for a family member and complying with the work requirement which could have the unintended consequence of having families face putting loved ones in nursing facilities – a more costly form of care – than remaining in the home.

Putting a work requirement in place for this population will simply shift costs from the Medicaid program to other parts of the health system. That is not a smart way to save the state money – or improve health outcomes.

References

1 "Medicaid Work Requirement Waivers: State by State," Smart Policy Works, February 2018.

2 "RE: Opportunities to Promote Work and Community Engagement Among Medicaid Beneficiaries," CMS letter to state Medicaid directors, January 11, 2018.

3 Arizona, Kansas, Utah, and Wisconsin. "Medicaid Work Requirement Waivers: State by State," Smart Policy Works, February 2018.

4 Data from the 2011 and 2016 American Community Survey, taken from the Public Use Microdata Samples made available by IPUMS-USA, University of Minnesota (ipums.org).

5 Full-time is at least 35 hours a week; the entire year is 50 weeks a year.