Medicaid and Work Requirements

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CSG Medicaid Policy Academy
June 29, 2017
Exhibit 1

Recent Interest in Medicaid and Work Requirements

- Historically, Medicaid coverage for non-elderly adults without disabilities was limited to parents with very low incomes
- With the ACA Medicaid expansion, coverage was extended to many “able bodied” adults
  - Expansion was designed, in part, to reach “working poor” who did not have access to coverage through a job
- Previous administrations denied state requests to impose work requirements in Medicaid on basis that such programs did not further Medicaid program’s aims
- Trump Administration has indicated interest in allowing states to implement work programs in Medicaid, and both AHCA and BCRA include state option to impose Medicaid work requirements for some beneficiaries
- Work requirements in Medicaid would be a fundamental change to the program, and assessment of such proposals depends in part on goals of work programs and views on role of Medicaid
Figure 2

Work Status of Non-SSI, Adult Medicaid Enrollees, 2015

Total = 24 Million Non-Elderly Adults without SSI

NOTE: Totals may not add due to rounding. Includes nonelderly adults who do not receive Supplemental Security Income (SSI).

Figure 3

Work Characteristics of Working Adult Medicaid Enrollees, 2015

- Work for only 1 employer: 84%
- Work 40+ hours/week: 59%
- Full-time, full-year: 51%
- Work in agriculture or service industry: 41%
- Work for small firm (<50): 41%

Notes: Includes nonelderly adults who do not receive Supplemental Security Income (SSI). Agriculture/Service industry includes agriculture, construction, leisure and hospitality services, wholesale and retail trade.
## Industries with Largest Number of Workers Covered by Medicaid, 2015

<table>
<thead>
<tr>
<th>Industry</th>
<th>Number of Adult Workers with Medicaid</th>
</tr>
</thead>
<tbody>
<tr>
<td>Restaurant and food services</td>
<td>1,399,000</td>
</tr>
<tr>
<td>Construction</td>
<td>956,000</td>
</tr>
<tr>
<td>Elementary and secondary schools</td>
<td>397,000</td>
</tr>
<tr>
<td>Hospitals</td>
<td>383,000</td>
</tr>
<tr>
<td>Grocery stores</td>
<td>367,000</td>
</tr>
<tr>
<td>Home health care services</td>
<td>329,000</td>
</tr>
<tr>
<td>Department stores and discount stores</td>
<td>311,000</td>
</tr>
<tr>
<td>Services to buildings and dwellings</td>
<td>255,000</td>
</tr>
<tr>
<td>Child day care services</td>
<td>253,000</td>
</tr>
<tr>
<td>Nursing care facilities</td>
<td>247,000</td>
</tr>
<tr>
<td>Total for Listed Industries (34% of adult Medicaid enrollees who are workers)</td>
<td>4,897,000</td>
</tr>
</tbody>
</table>

**NOTE:** Includes nonelderly adults who do not receive Supplemental Security Income (SSI).

Main Reasons for Not Working among Non-SSI, Adult Medicaid Enrollees, 2015

- Ill or disabled, 35%
- Retired, 8%
- Taking care of home or family, 28%
- Going to school, 18%
- Could not find work, 8%
- Other, 3%

Total = 9.8 Million

NOTE: Includes nonelderly adults who do not receive Supplemental Security Income (SSI).
Research on the ACA Expansion and Work Participation

- Research on the ACA Medicaid expansion finds no negative effect on:
  - Employment rates
  - Job switching
  - Transition from full-time to part-time employment
  - Labor force participation
  - Usual hours worked per week

- Some research finds positive effects on employment rates among people with disabilities

Seven states (AR, AZ, IN, KY, ME, UT, WI) have developed waiver requests that would require work as a condition of eligibility

- 3 are pending at CMS (IN, KY, WI)
- AR limits the work requirement to expansion adults, but other states apply it to expansion and traditional adults

Three states (IN, MT, NH) currently have voluntary, state-funded work referral programs separate from their waivers

Waiver requests range in scope of required hours and countable activities, but common provisions include:

- At least 20 hours of work-related activity required
- Exemptions for certain groups, such as students, dual eligibles, caregivers to young children, or people with disabilities/medically frail
- Lock-out of Medicaid coverage for failure to comply (ranging from one month to one year)
Establishes state option to require work as a condition of eligibility for nondisabled, nonelderly Medicaid enrollees as of October 1, 2017, by participating in work activities as defined in the TANF program for a period of time as determined by the state and as directed and administered by the state

- Exempts:
  - Pregnant women through 60-days post-partum
  - Children under 19
  - Individuals who are the only parent/caretaker relative in family of child under age 6 or child with disability
  - Individuals under age 20 who are married or head of household and maintain satisfactory attendance at secondary school or equivalent or participate in education directly related to employment

- Provides 5 percentage point increase in the federal administration matching rate to implement the work requirement
Key Questions about Medicaid and Work Requirements

• How will work requirements affect Medicaid administration?
  – Experience from TANF indicates that exemption process can be complex and difficult to navigate
  – Administrative costs related to a work requirement may pose a challenge for states

• Will work requirements promote work?
  – Evidence on work outcomes under TANF mixed but generally finds no effect on work or income, especially in absence of additional resources and work supports
  – Data indicates work requirements likely to affect a small share of enrollees

• How closely should Medicaid policy mirror TANF (welfare) policy?
  – Medicaid and welfare were officially “delinked” with creation of TANF in 1996
  – TANF provides cash assistance to help parents meet children’s basic needs and is a temporary program with a goal of promoting work
  – Medicaid provides health insurance to help low-income people access health care; health coverage may be a precursor or support for work