Continued Inequality: Medicaid and Work Requirements

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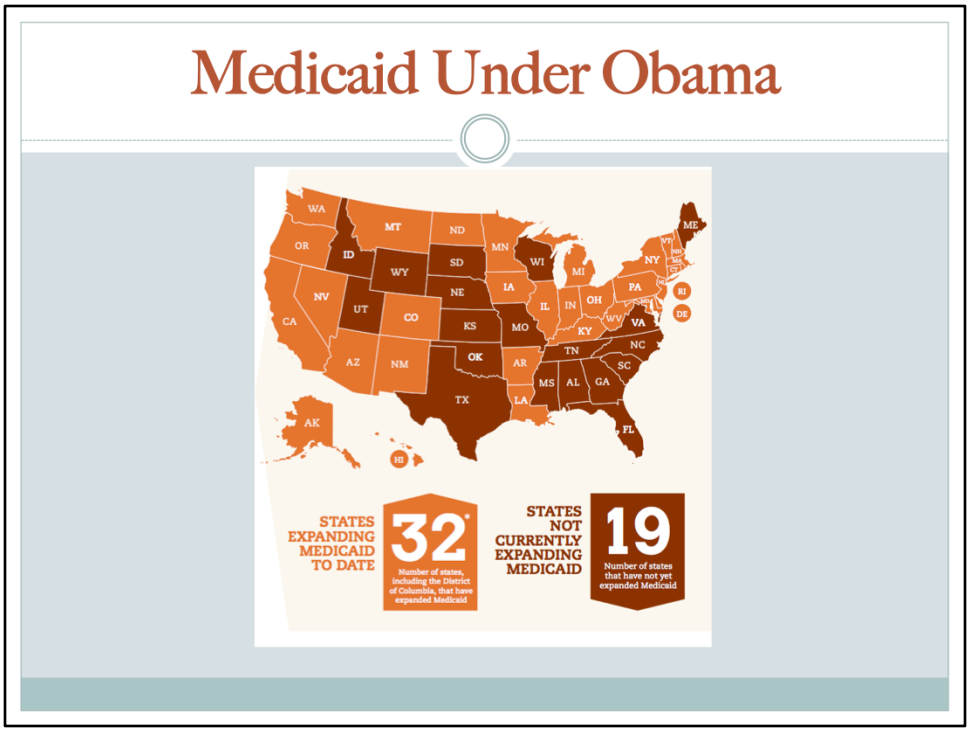
Road Map

- Medicaid
- Medicaid Under Obama
- Medicaid Under Trump
- Unfilled Promises and Problems
- Solutions

Medicaid

- (1) medical assistance on behalf of families with dependent children and of aged, blind, or disabled individuals, *whose income and resources are insufficient to meet the costs of necessary medical services*, and
- (2) rehabilitation and other services to help such families and individuals attain or retain capability for independence or self-care

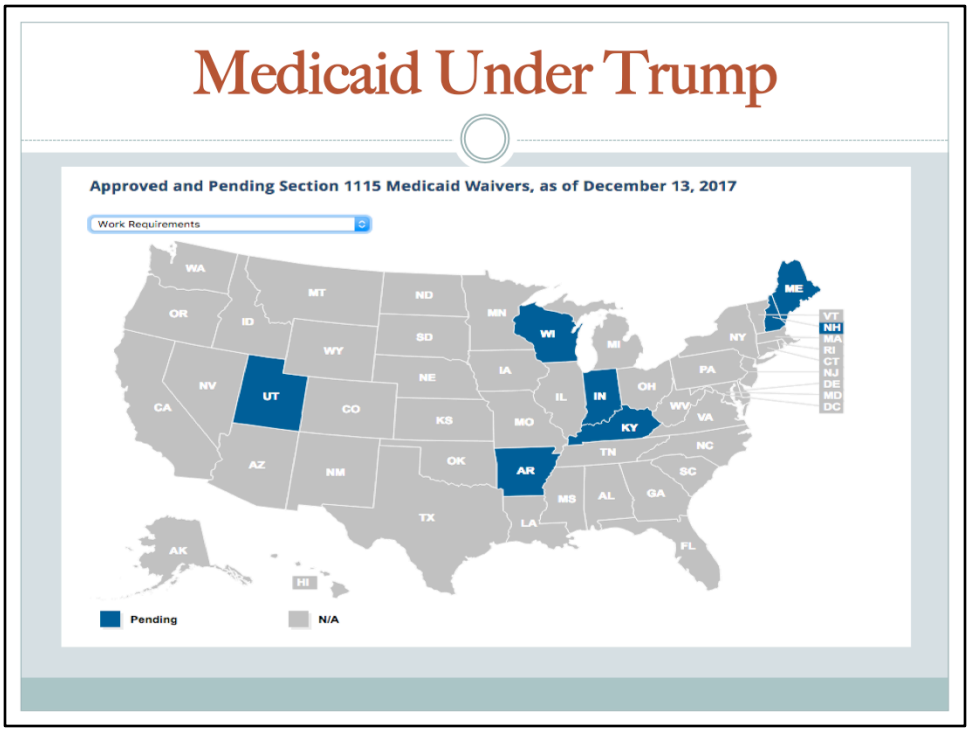


According to a Kaiser Family Foundation literature review, Medicaid Expansion:

Results show **significant coverage gains and reductions in uninsured rates**, both among the low-income population broadly and within specific vulnerable populations. States implementing the expansion through a waiver have seen similar gains in coverage, but some provisions in these waivers may present barriers to coverage.

Most research demonstrates that Medicaid **expansion positively affects access to care, utilization of services, the affordability of care, and financial security among the low-income population**. Studies have also shown improved self-reported health following expansion, and one new study demonstrated a positive association between expansion and health outcomes. However, further research is needed to more fully determine effects on outcomes.

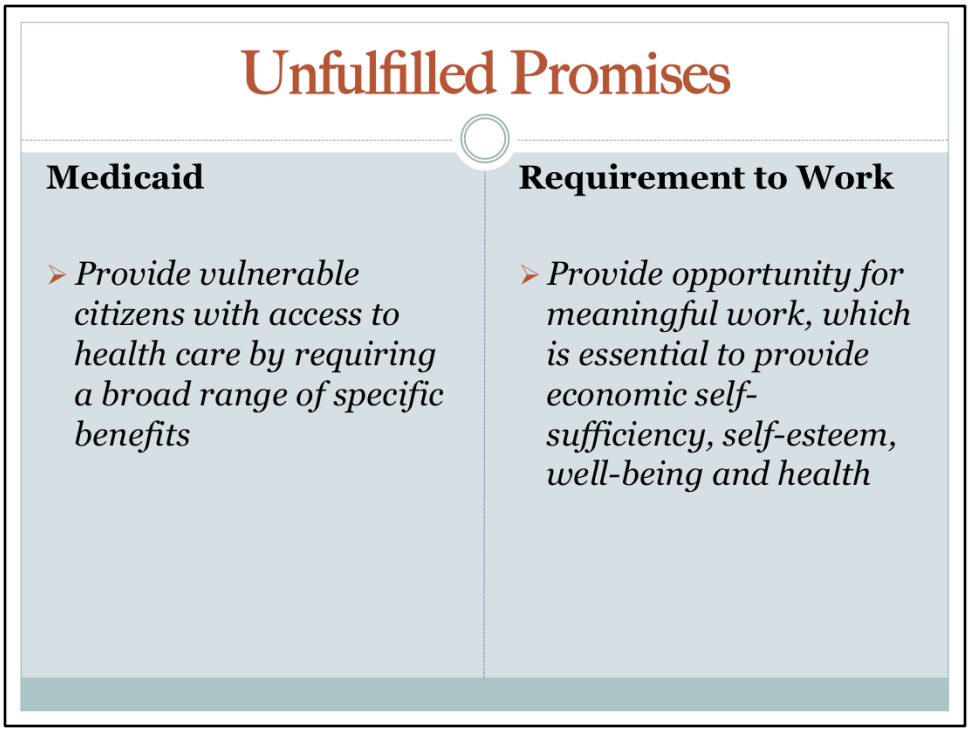
Analyses find positive effects of expansion on multiple economic outcomes, despite Medicaid enrollment growth initially exceeding projections in many states. Studies also show that **Medicaid expansions result in reductions in uncompensated care costs for hospitals and clinics as well as positive or neutral effects on employment and the labor market because expanded coverage to low wage workers.**



Kentucky:
Includes all able-bodied working age adults (Excludes children, pregnant women, medically frail, students, and primary caregivers of dependents). Volunteer work, employment, job search, job training, education, or caring for non-dependent relative or person with disabling chronic condition for 5 hours/week in year 1 and 20 hours/week in year 2.

Arizona:
Includes able-bodied adults covered under the expansion and traditional adults. Work, actively seek work, or attend school or job training for 20 hours/week; requires monthly verification and one year lock-out for making false statement

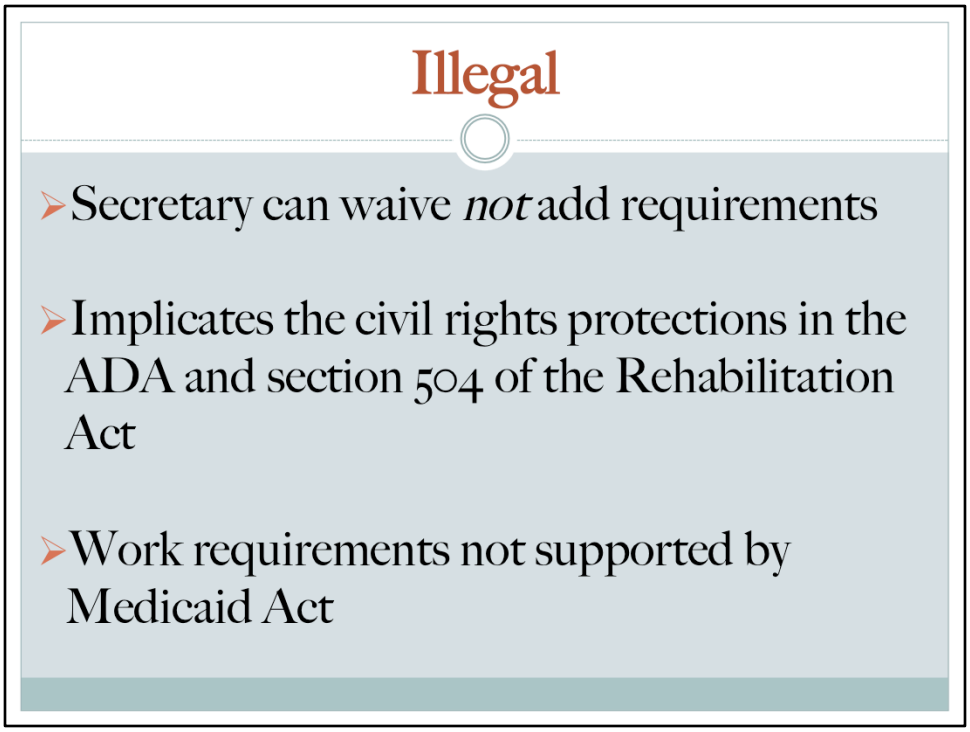
Indiana:
Includes expansion adults. Work referral.



Medicaid:
President Johnson's overall goal: "**ultimate goal [as] the assurance of complete, continuous, family-centered medical care of high quality to persons who are unable to pay for it themselves**. The law aims much higher than the mere paying of medical bills, and States, in order to achieve its high purpose, will need to assume responsibility for planning and establishing systems of high quality medical care, comprehensive in scope and wide in coverage ." From Laura Hermer, Federal/State tensions in fulfilling Medicaid's purpose, 21 Annals Health L 615 (2012).

Requirements to work:
Provide dignity and respect for people and discourage able bodied people from working because they can get free healthcare without working. Some states requesting work requirements have claimed that such a provision will **move Medicaid enrollees out of poverty and into employer sponsored coverage and "self-sufficiency**.

Unfulfilled Promises: FAIL TO ADDRESS INCOME INEQUALITY
Do not address the social determinants of health that lead to the inequalities that keep people in poverty and without meaningful access to health care or employment opportunities.

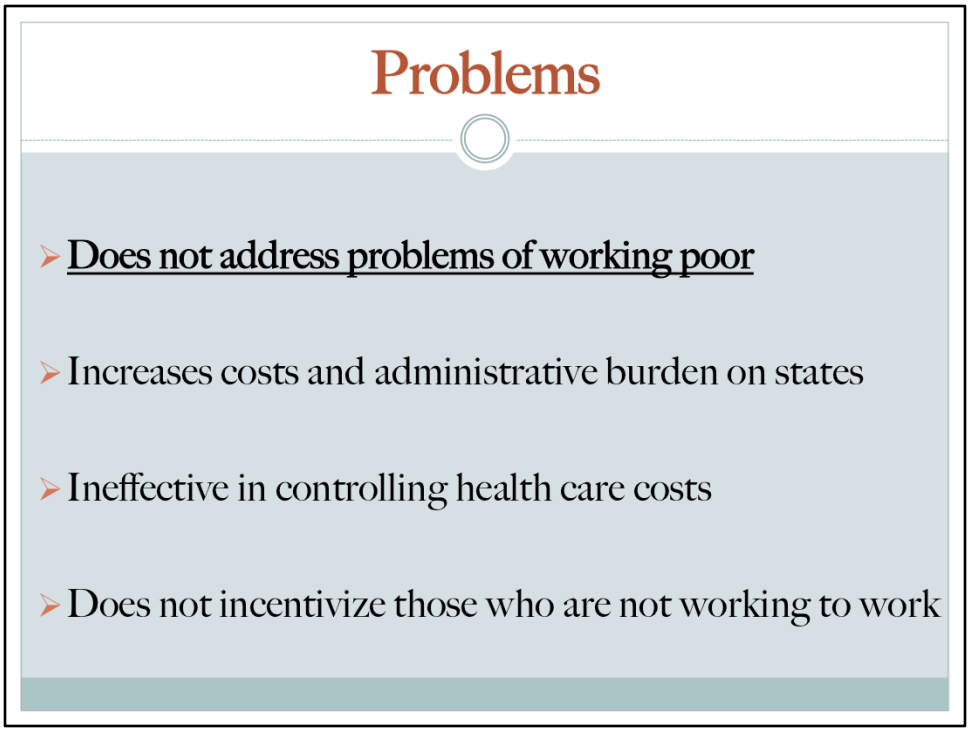


The Secretary may *waive* certain parts of the Medicaid Act under 1115 but not create new ones. The Secretary cannot create entirely new Medicaid eligibility criteria under Section 1115- namely that people be working in order to receive benefits.

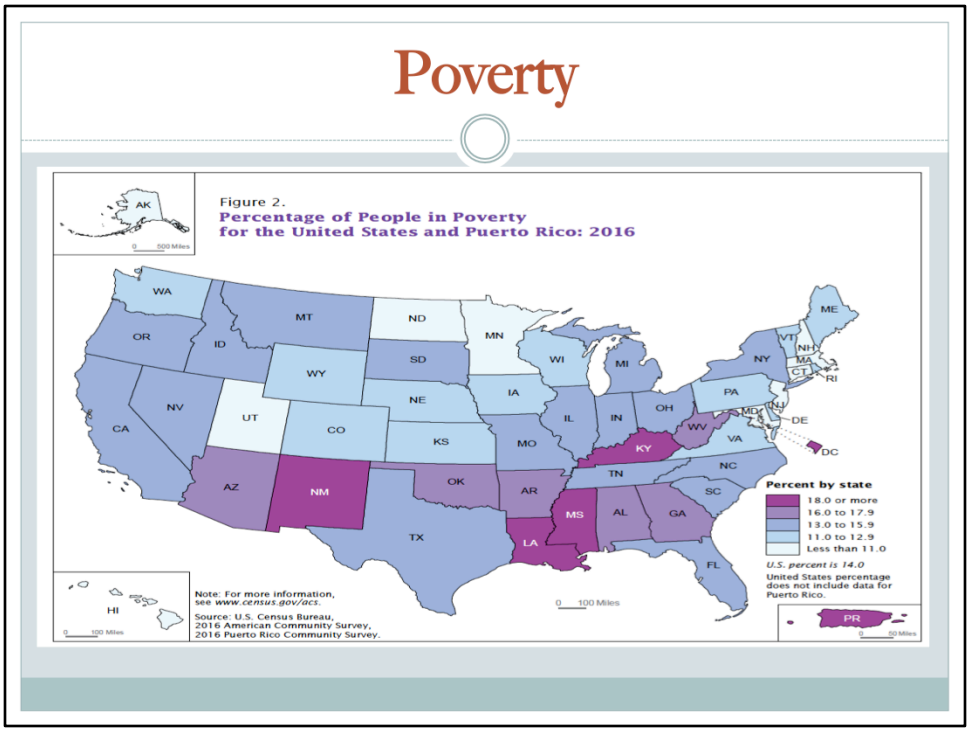
Work requirements implicate the civil rights protections contained in the Americans with Disabilities Act (ADA) and section 504 of the Rehabilitation Act, laws which make it illegal for states to take actions that have a discriminatory impact on people with disabilities. Section 1115 does not authorize the Secretary of HHS to waive these laws.

Work requirements not supported by the Medicaid Act.

- Section 1115 waivers must promote the objectives of the Title XIX (the Medicaid title) of the Social Security Act. The core objective of Title XIX is assisting low-income people to get medical services. A work requirement would lead to low-income people losing their health coverage, an outcome totally at odds with the purposes of the Act.
- Some waiver proposals have used this word's use in Section 1901 of the Social Security Act to suggest the Medicaid statute contemplates work requirements as an acceptable element of the Medicaid program. The statutory context makes clear that independence refers to improved physical functioning through medical rehabilitation.



- **Working poor:** I am going to focus on this population for my discussion
- **Increase costs and Admin burden:**
  - States do not have the money to provide the training and support necessary to make the work programs successful; AND
  - States will have to track and measure compliance with work requirements. Many states no longer track the Temporary Assistance for Needy Families (TANF) work requirements because the budget is so stretched
- **Increase health care costs:**
  - Medicaid used as safety net for working poor to be able to be healthy enough to work
- **Incentive:**
  - A Medicaid community service requirement forces low-income people to work for a non-monetary benefit. In economically challenged areas where unemployment is high and jobs are scarce, forcing people to work for free could disrupt fragile labor markets. It likewise may run afoul of labor laws like the Fair Labor Standards Act.
  - Does not provide supportive services on evidence based services such as models that provide skills assessment, assistance with job search and completing job applications, job development and placement, job training, negotiation with prospective employers, or identify business opportunities and develop a business plan.



US Poverty (2016 rates)

- 18.6% of pop income below 125% of the poverty threshold, which means they are near poverty
- 14% of pop income below 100% of the poverty threshold, which means they are in poverty
- 6.2% of pop income below 50% of the poverty threshold, which means they are in severe/deep poverty

Kentucky (2016 rates)

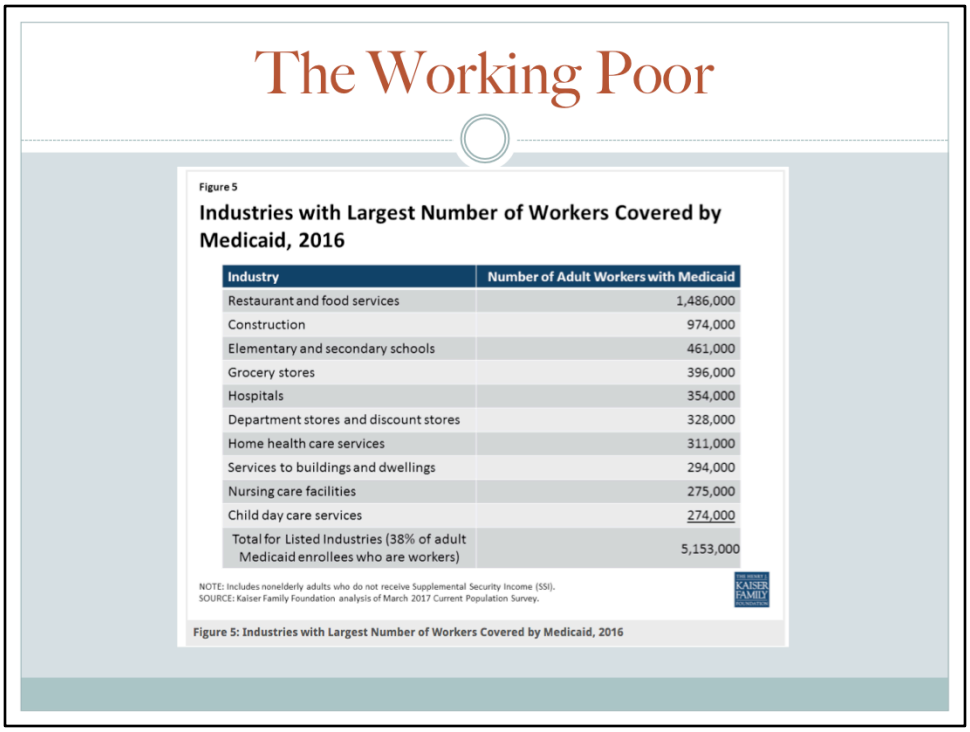
- 23.4% of pop near poverty [income below 125% of the poverty threshold]
- 18.5%% of pop in poverty [income below 100% of the poverty threshold]
- 7.9% of pop in severe poverty [income below 50% of the poverty threshold]

Arizona (2016 rates) sign. decrease in 100% of poverty TH btw 2015 & 2016

- 21.5% of near poverty [income below 125% of the poverty threshold]
- 16.4%% of pop in poverty [income below 100% of the poverty threshold]
- 7.8% of pop in severe poverty [income below 50% of the poverty threshold]

Indiana (2016 rates)

- 18.5% of pop near poverty [income below 125% of the poverty threshold]
- 14.1% of pop in poverty [income below 100% of the poverty threshold]
- 6.4% of pop in severe poverty [income below 50% of the poverty threshold]



According to the Univ of Berkley, from 2009 – 20011, working families accounted for 61% of those enrolled in Medicaid /CHIP. See http://laborcenter.berkeley.edu/health-care-resources/usmap/

Kentucky
- 335,000 enrolled in Medicaid/CHIP

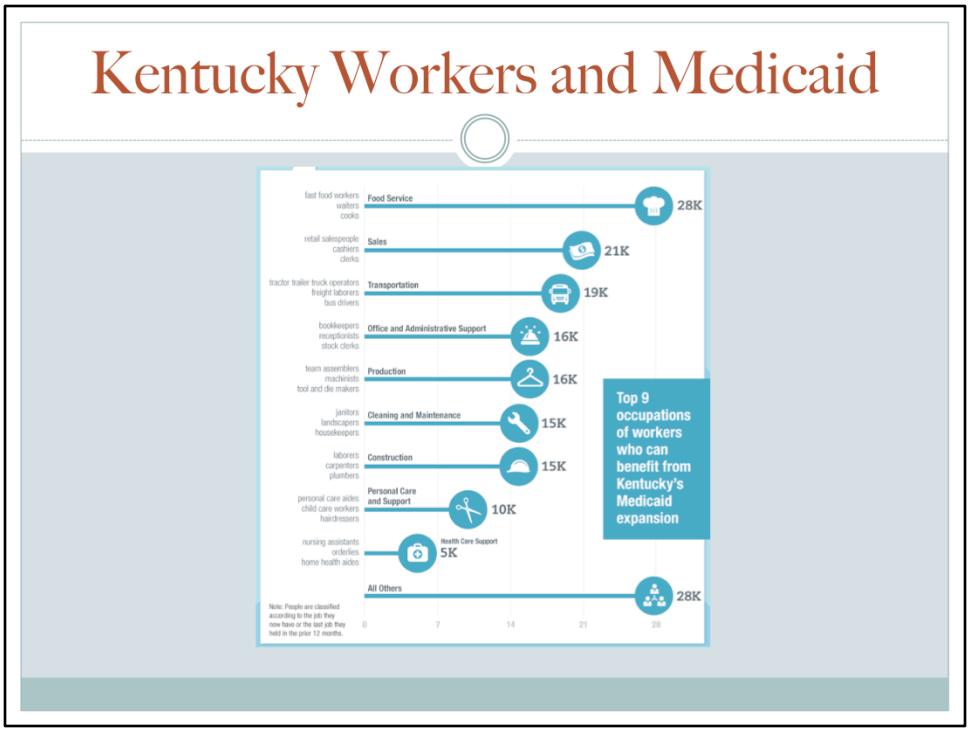
Arizona
- 792,000 enrolled in Medicaid/CHIP

Indiana
- 518,000 enrolled in Medicaid/CHIP

A Univ. of Berkley report found that US manufacturing workers earned higher than the US average in the last decade, but by 2013 the typical manufacturing worker made 7.7% below the median wage for all occupations. This trend was a result of significant hiring of workers through temporary staffing agencies, where wages are often lower. In fact, 1 of 3 man workers on welfare.

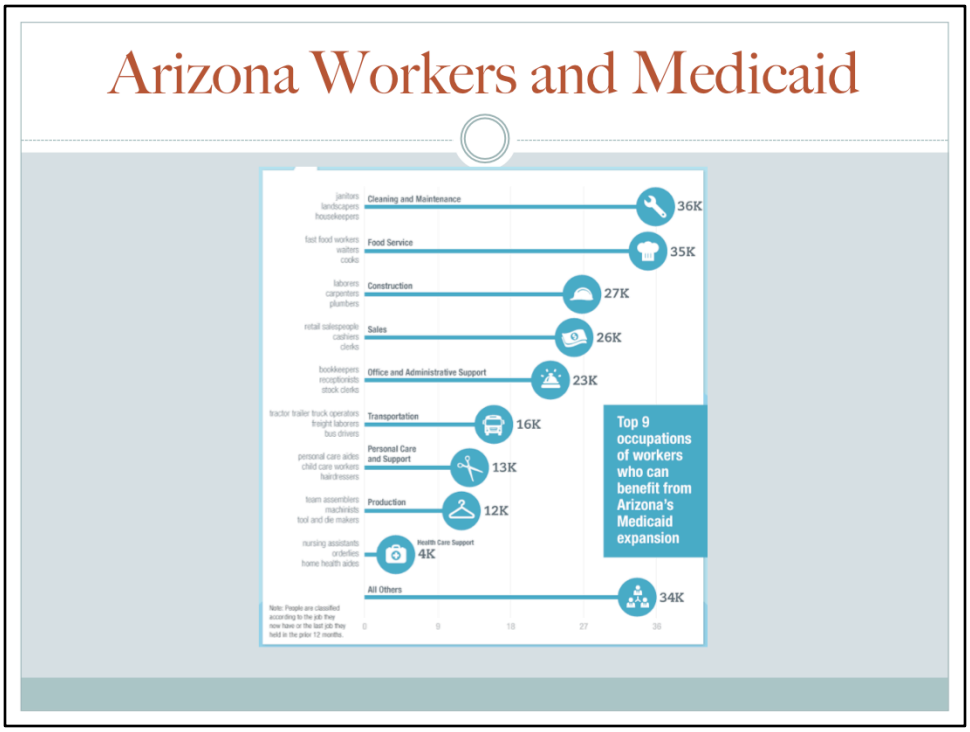
As a result research shows that:

- between 2009 and 2013, the government spent $10.2 billion on safety net programs[Medicaid, CHIP, EITC, food stamps, and Temporary assistance for Needy families] for manufacturing workers and their families
- **Almost 1 million workers and families enrolled in Medicaid/CHIP equal to 15% of workers;**
    - **about 100,000 workers from staffing equal to 24% enrolled in Medicaid/CHIP**
- 34% of the families of these workers are enrolled in one or more safety net program (26% nationwide);
    - 50% for workers employed through staffing agencies, which is similar to the rate of fast-food workers and their families
- On the programs because of low wages
    - 32% workers and 46% employed by staffing worked at least 35 hours a week and 45 weeks a year



2015 Calculations include workers who have worked with the last 12 months, lack health insurance, and have income below 138% of the poverty threshold. The total amount of workers who could benefit from Medicaid expansion was 55% of the 312,000 uninsured adults.

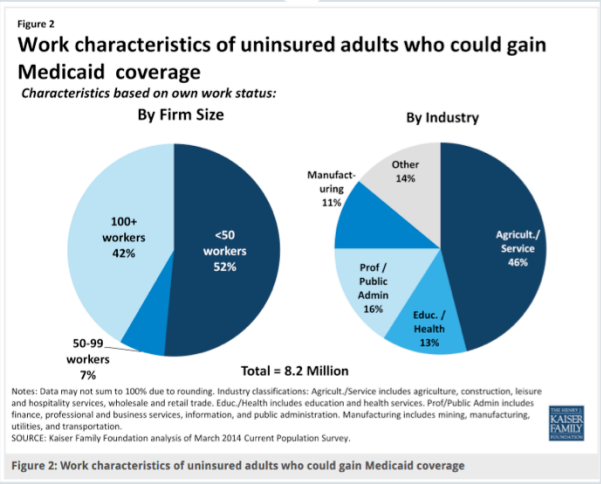
In Kentucky, 13% of manufacturing workers on Medicaid/CHIP => cost $82 million



2015 Calculations include workers who have worked with the last 12 months, lack health insurance, and have income below 138% of the poverty threshold. The total amount of workers who could benefit from Medicaid expansion was 53% of the 430,000 uninsured adults.

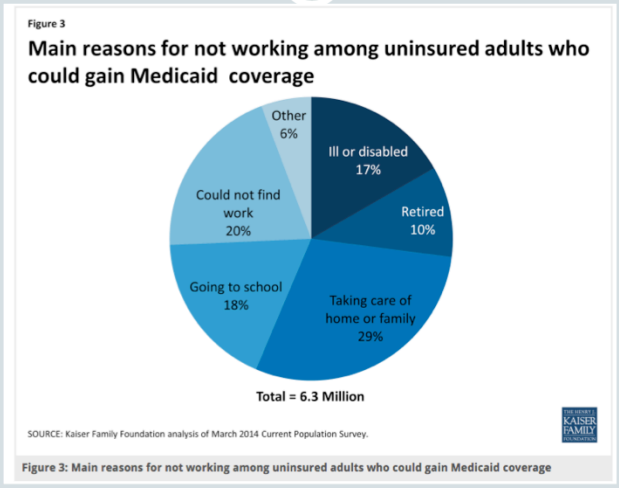
In Arizona, 15% of manufacturing workers on Medicaid/CHIP => cost $75 million

Workers and Medicaid



In Indiana, 11% of manufacturing workers on Medicaid/CHIP => cost $103 million

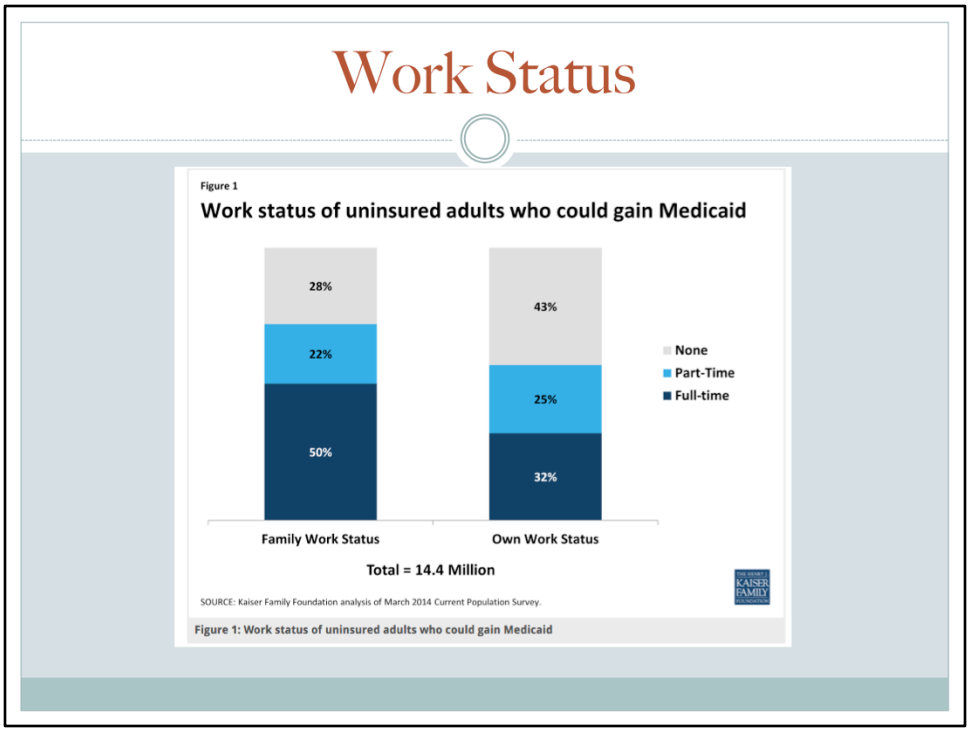
Reasons for Not Working



The reasons for not working are important because it will determine who is required to work under the proposed work requirements.

For example in Indiana, the government estimates that 70% of current enrollees will be unaffected because 1/3 are working and 2/3 are exempted because they are:

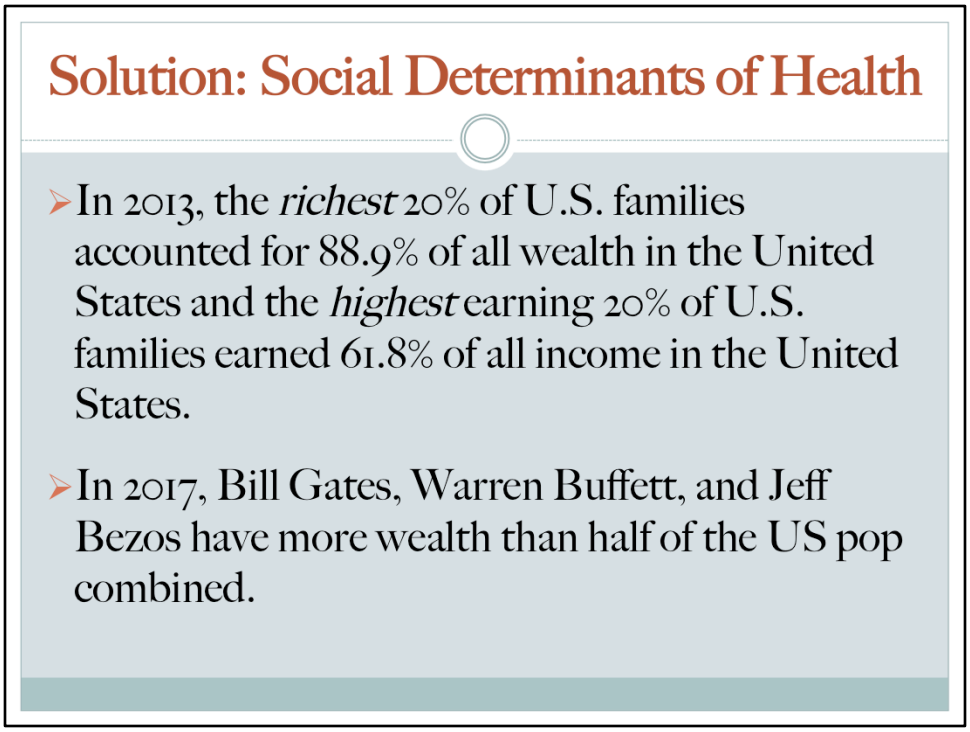
1. Medically frail;
2. In school;
3. Over 60;
4. Pregnant;
5. Caring for a child;
6. Temporarily disabled;
7. In substance use disorder treatment; or
8. Recently incarcerated.



Medicaid is not going to be enough to entice people to work because Medicaid does not provide that much of a benefit. Furthermore:

- ” A study of the work requirement in the TANF program found that work req had little to no effect on cutting poverty or increasing long-term employment.
  - ✓ Initial increase in employment under TANF, but after 5 years this disappeared. Most people in low wage part-time jobs that were lost.
  - ✓ Portland, OR and Riverside, CA had long-term success bc supported participation in education, training, and placement programs. In OR, people were encouraged to hold out for better paying jobs.
  - ✓ True result of program was to push people out of program that provided assistance, which has been a significant factor in the growing number of families in severe poverty

<u>Potential Outcome</u>: get working poor to drop out of Medicaid and cause people to sink deeper into poverty and have poorer health outcomes. The opposite of **moving Medicaid enrollees out of poverty and into employer sponsored coverage and “self-sufficiency**



References: States (Household Wealth trends in the United States, 1962-2013) & 2017 Institute of Policy Studies report.

- More that 19% of White households, more than 30% of African-American households, and 27% of Latino households have zero or negative net worth.

If you want to move Medicaid enrollees out of poverty and into employer sponsored coverage and "self-sufficiency, then pay the poor a living wage and mandate employer sponsored health insurance, which will allow them to not be on Medicaid. Instead:

1. Offer voluntary job training training, subsidized work, and full time jobs
2. Enforce discrimination laws that address pay inequity
3. Improve School quality [24.8% without High school degree in poverty compared to 4.5% those with Bachelors degree]
4. Increase and improve transportation infrastructure so the working poor can get to work
5. Pay fair wages to the working poor (Home health, universities, hospitals)
6. Provide paid sick time and paid maternity leave to the working poor
7. Provide child care to the working poor
8. Decrease part-time work for the working poor