MEDICAID WORK REQUIREMENTS

Recommendation
The American Academy of Family Physicians (AAFP) has long advocated for preserving and strengthening Medicaid, a program upon which many vulnerable Americans rely. Recent efforts to impose work requirements, or community engagement requirements, on Medicaid beneficiaries conflict with the Joint Principles on Section 1115 Demonstration Waivers adopted by a group of six front-line physician organizations, including the AAFP, American Academy of Pediatrics, American College of Obstetricians and Gynecologists, American College of Physicians, American Osteopathic Association, and American Psychiatric Association. Combined, these organizations represent more than 560,000 physicians and medical students nationwide. The principles state that imposing work requirements, lock-outs, premiums, and other out-of-pocket costs limit access to preventative and primary care services and inhibit Medicaid beneficiaries from seeking care that helps them avoid costlier health conditions and maintain wellness. While the AAFP supports voluntary programs to assist Medicaid enrollees in obtaining a job or gaining job skills, as well as voluntary access to treatment for substance use disorders, we are concerned that requiring participation in such programs as a mandatory condition of eligibility would create unacceptable barriers to care, especially for the most vulnerable. CMS should ensure that proposed changes to Medicaid do not impose punitive requirements. The AAFP opposes changes to Medicaid that would limit eligibility and coverage for beneficiaries.

Background
Until recently, the Centers for Medicare and Medicaid Services (CMS) and state Medicaid agencies did not consider employment status when determining Medicaid eligibility. State proposed waivers submitted during the Obama administration were rejected because they could “undermine access” to health insurance and did “not support the objectives of the Medicaid program.”1 Approximately 60 percent of working age Medicaid enrollees already work, and an overwhelming majority of the remaining enrollees report that they have some sort of illness or disability or are in school.2 In a shift from previous administrations, the Trump administration has encouraged states to impose work requirements. In January 2018, CMS Administrator Seema Verma sent a letter to all state Medicaid Directors, announcing CMS support for the concept of work and community engagement among Medicaid beneficiaries through the Section 1115 waiver process. Since then, five states (AR, IN, KY, NH, WI) have received federal approval from CMS, with an additional 12 states (AL, AZ, KS, ME, MI, MS, OH, OK, SD, TN, UT, VA) awaiting approval or working through the comment process. Conversely, California became the first state to ban Medicaid work requirements through legislation.

Work Requirements Specifics
The specifics of each work requirement vary by state, but most require enrollees to work approximately 20 hours per week or 80 hours per month in order to receive Medicaid benefits. Examples of work include full- or part-time employment, job training programs, secondary or college education, technical school, some caregiving activities, and community service.

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Waivers submitted to CMS for approval also exempt certain populations from work and community engagement requirements, including children under age 18, seniors, the medically frail or disabled, pregnant women, primary caregivers, and other specific populations. Because a majority of each state’s Medicaid population falls into one of these exempted categories, most work requirements generally apply to approximately 3-30 percent of Medicaid enrollees in a state, which are disproportionately working age, childless adults who first gained coverage through the ACA’s Medicaid expansion.3

Beneficiaries who report three months of noncompliance are disenrolled from Medicaid. Depending on the state, those subject to disenrollment may be prohibited from reenrolling until the following January, or may have the opportunity to regain coverage, should they come to satisfy the work requirement.

**Approved Waivers**
As of December 2018, five states’ waivers to impose work requirements have been approved by HHS. Kentucky’s work requirements were blocked by a judge who deemed them “arbitrary and capricious” for not fully taking into account the 95,000 Medicaid beneficiaries in the state that would stand to lose coverage under the new rules. The judge remanded the policy back to HHS, which opened a second comment period for stakeholders and beneficiaries before settling on a new policy.

All five states that have received federal approval to impose work requirements have expanded Medicaid, with the exception of Wisconsin. Work requirements are set to take effect in Indiana and New Hampshire beginning January 1, 2019 and in Wisconsin no earlier than November 1, 2019. Arkansas’ were implemented on June 1, 2018 for beneficiaries aged 30-49 and are set to expand to include 19-29-year olds on January 1, 2019. As of December 2018, more than 16,000 enrollees have been disenrolled from Medicaid in Arkansas due to noncompliance. Those removed from Medicaid coverage after three months of noncompliance are prohibited from reenrolling in Medicaid until the following January. A similar lawsuit to the one adjudicated in Kentucky was filed against Arkansas’ work requirements program, claiming that the work requirement fails to adhere to existing Medicaid law.

**Research Surrounding Work Requirements**
Other government programs have imposed work requirements, including Temporary Assistance for Needy Families (TANF). Analyses of these programs suggest that work requirements do not spur a significant number of beneficiaries to seek and gain employment4 and that the evidence to support the idea that work has a positive impact on health and health coverage is mixed at best.5,6 On the contrary, significant research exists to support the idea that access to health insurance for a population, including Medicaid and in particular Medicaid expansion, increases an individual’s likelihood of obtaining and holding a job.7,8

Preliminary research into the implications of Arkansas’ work requirements suggests that, despite Arkansas’ outreach efforts, many Medicaid enrollees may not have been successfully contacted about the new changes to Medicaid eligibility. Thousands have lost coverage, but their care needs have not ended. Their lack of insurance subjects the entire health system to increases in uncompensated care costs and an increased uninsured rate.9

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