Adding Stumbling Blocks in the Path to Health Care

New State Option in House Bill Promotes neither Health nor Work

MARCH 2017 | ELIZABETH LOWER-BASCH

The new version of the American Health Care Act (AHCA) released late on March 20, 2017 introduces a provision that would allow states to institute "work requirements" as a condition of Medicaid receipt for most adult recipients who are not pregnant, seniors, determined disabled by the state, or single parents of young children or children with disabilities.

These work requirements are both counter-productive and inhumane. Recent studies show that Medicaid in its current form already encourages work. That's because it provides people the health care treatment needed to get and keep a job. The proposed requirements would throw obstacles in the path to health coverage, making it harder for sick people to get healthy enough to work. Moreover, strong evidence from other programs—Temporary Assistance for Needy Families (TANF) and the Supplemental Nutrition Assistance Program (SNAP) — shows that mandatory work programs do little to improve employment outcomes.

The experience under these programs also shows that the bureaucracy inherent in work requirements creates hassles that stop large numbers of people from getting assistance. A Maryland TANF study found that, if you looked only at cases where the work requirement applied, an astonishing 60 percent of closed cases had lost benefits as the result of a "sanction" for not meeting the requirement in the course of a year.[1] The proposed work requirements would keep many people from getting the health care they need – including people with disabilities or chronic illnesses who do not qualify for disability benefits, people with caregiving responsibilities (such as parents of school-age children and those caring for older relatives), people with varying hours of work, and college students.

Denying people access to health insurance because they are unable to comply with work requirements is also short-sighted. Many people are enrolled in Medicaid at the point when they seek treatment. Those who are in obvious crisis – having a heart attack, for instance– will presumably still be treated, but may not be able to pay for their care if their Medicaid is not approved. Demanding that those who are not in immediate critical condition comply with participation requirements before they can see a doctor all but guarantees that minor medical issues will become more serious – and more expensive – to treat. And bureaucracy costs money that should go to health care. In the context of the overall capped spending for Medicaid under AHCA, every dollar spent enforcing a participation requirement is a dollar not available to provide health care to recipients.

People Who Fail to Meet Arbitrary Requirements Will Lose Medicaid

The work requirement in AHCA may affect millions of people across the country, including parents who are covered through the core Medicaid program as well as parents and childless adults who are covered through the Medicaid expansion. States, which may begin to impose the work requirements as early as October 2017, will be given new authority to design these programs and will determine the requirements.

People with disabilities are most likely to lose coverage

This provision is likely to affect many of the 35 percent of unemployed adults receiving Medicaid -- excluding those receiving disability benefits – who reported illness or disability as their primary reason for not working.[2] Repeated studies of TANF programs have found that clients with physical and mental health issues are disproportionately likely to be sanctioned.[3] Such clients may not understand what is required of them or may find it difficult to complete paperwork or travel to appointments to be assessed for exemptions.

Although the bill says that work requirements apply to "nondisabled" adults, this exemption is likely to apply *only* to those who have qualified for Medicaid through receipt of disability benefits. Based on the experience of SNAP work requirements – which are by law not supposed to apply to individuals with disabilities – it is highly likely that many people with disabilities or significant health issues will be affected. For example, one study from Franklin County, OH, found that one third of the individuals referred to SNAP employment program reported a physical or mental limitation, 25 percent of whom indicated that the condition limited their daily activities. Additionally, nearly 20 percent of the assessed individuals had filed for disability benefits within the previous 2 years.[4]

Workers with caregiving needs, unstable hours may lose coverage

As proposed, this bill exempts from the work requirement all single parents of children under six, as well as single parents of children with disabilities. However, states may still impose work requirements on married parents of young children, single parents of school-age children, or individuals who are needed to care for a disabled spouse or parent. Of the unemployed adults receiving Medicaid, 28 percent reported they were not working due to caring for home or family.[5]

The bill provides states with complete discretion about how many hours of participation to require and for how long. Therefore, it is likely that workers with unstable schedules will also lose coverage. Workers in low-wage jobs frequently do not know their scheduled days or hours until a few days in advance and may experience significant fluctuations in number of hours and timing of shifts from week to week.[6] Many workers are assigned to “call-in shifts,” providing no guarantee of work, but preventing them from scheduling other work or activities.[7] The two industries with the largest numbers of employees covered through Medicaid are restaurant/food services and construction,[8] both industries well known for their variable and seasonal hours of employment. Recipients may also be required to produce documentation of hours and earnings, something that is challenging with variable hours. Recipients who fail to keep up with the constant paperwork demands may lose benefits.[9]

College students may lose coverage

Of the unemployed adults receiving Medicaid, 18 percent reported that they were not working because of attending school.[10] AHCA uses the narrow list of activities that are allowed for cash assistance recipients under TANF.[11] College attendance is not included on this list. While some college courses may be counted as "job skills training" or "vocational educational training" (which is limited to 12 months), many college students could be required to participate in make-work activities on top of their classes in order to keep health insurance.

Denying Access to Health Care Makes It Harder to Work and Parent

A recent in-depth report from Ohio provides compelling new information about the ability of Medicaid expansion enrollees to seek and maintain employment. More than half of Ohio Medicaid expansion enrollees reported that their health coverage has made it easier to continue working. Without the support of Medicaid, health concerns would threaten employment stability. Three-quarters (74.8 percent) of *unemployed* Medicaid expansion enrollees looking for work reported that their health coverage made it easier to seek employment.[12]

Ohio study participants noted that Medicaid allowed them to get treated for chronic conditions that previously had prohibited them from working. Additionally, about one-third of enrollees screened positive for depression or anxiety disorders, which can limit employment and other routine activities. Enrollees with depression and anxiety reported greater improvement in access to care and prescriptions—key resources needed to stay in the workforce.

Parents' access to health care also matters greatly for children. In addition to the economic benefits of having a parent who is able to work, children do better when their parents and other caregivers are healthy, both emotionally and physically.[13] Adults' access to health care supports effective parenting, while untreated physical and mental health needs can get in the way. For example, a mother's untreated depression can place at risk her child's safety, development, and learning.[14] In addition, children are more likely to be insured and receive care when their parents are also covered.[15]

Work Requirements Do Little to Increase Employment

Work requirements under Medicaid are a solution in search of a problem. The vast majority of Medicaid recipients are either unable to work, already working, or not working because they are engaged in another valuable activity.

AHCA builds on failed model of TANF work requirements

TANF has largely failed to live up to the goal of engaging recipients of assistance in effective work programs that lead to economic security. While it is sometimes credited for the growth in single mothers' employment in the 1990s, after the economy faltered in 2000, this progress stalled and has since lost ground.[16] One study found that single mothers who were exempted from work requirements due to having young children were just as likely to work as comparable mothers in other states who were required to work as a condition of TANF.[17]

LaDonna Pavetti of the Center on Budget and Policy Priorities has summarized the vast literature on mandatory employment and training programs. Among the key findings are that: employment gains were modest and faded over time; stable employment was the exception, not the norm; and most recipients with significant barriers to employment never found work even in the programs that had the greatest impact.[18]

The AHCA proposal uses the list of "work activities" from TANF and places it in Medicaid. This is a very narrow list that limits access to postsecondary education and training. In the face of an economy that increasingly requires a postsecondary credential for all but the lowest-paying jobs, this policy makes it harder for welfare recipients to escape poverty.[19] Studies of participants leaving TANF have consistently shown that they largely find employment in low-wage jobs, earning above the federal minimum wage yet living below the federal poverty line.[20] Like TANF, the work requirements under Medicaid would not collect any information about the effectiveness of the programs, only whether recipients attended.

No additional funding for employment services

This proposal empowers states to make all decisions about how to implement the work requirements. Significantly, states are not obligated to offer work opportunities to those subject to the requirements. Therefore, people who are willing to work and participate could be denied Medicaid if they are unable to find work or an open slot in a training program—despite their eagerness to work.

The bill would provide states with an enhanced federal match for services carried out to implement the participation requirement (5 percentage points above what they would otherwise receive). However, in the context of the per capita caps imposed by the overall bill, this simply means that any spending on enforcing a mandatory work requirement will come out of the pool available to provide health care services. Given this tradeoff, it is highly unlikely that states will provide recipients with high-quality job training that would provide them with skills and credentials valued in the labor force.

Evidence from other programs suggest that employment services have been cost-effective for government, even when they fail to lift participants out of poverty, because assistance payments go down as earnings increase. However, because few low-wage jobs offer employer-sponsored health insurance, even the most effective of employment programs are unlikely to reduce the need for Medicaid coverage.

Some will suggest that Medicaid recipients could receive services under the federal Workforce Innovation and Opportunity Act (WIOA), which provides employment and training services to disadvantaged workers. However, this program provided training services to less than 200,000 workers in 2014, the most recent year available, and its funding has declined since then.[21] Even if states committed to using WIOA only to serve people at risk of losing Medicaid benefits, this would be far too little to serve this population.

Conclusion

As introduced, the American Health Care Act was a terrible bill that would undermine the core funding structure of Medicaid. The Congressional Budget Office estimated that it would shift $880 billion in Medicaid costs to the states over the next 10 years, effectively ending the Medicaid expansion starting in 2020 while also harming the care for tens of millions who rely on the program today.[22] The additional changes made at the last minute, including these work requirements, would make it even worse.

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