



November 26, 2017

KanCare Renewal  
c/o Becky Ross  
KDHE, Division of Health Care Finance  
900 SW Jackson, LSOB –9<sup>th</sup> Floor  
Topeka, Kansas 66612

Re: Proposal to renew the KanCare 2.0 section 1115 demonstration waiver

Dear Secretaries Mosier and Keck,

I am writing on behalf of the Center for Law and Social Policy (CLASP). CLASP is a national, nonpartisan, anti-poverty nonprofit advancing policy solutions for low-income people. We work at both the federal and state levels, supporting policy and practice that makes a difference in the lives of people living in conditions of poverty. In particular, these comments draw on CLASP's deep experience with Temporary Assistance for Needy Families (TANF) and the Supplemental Nutrition Assistance Program (SNAP), two programs where many of the policies proposed in this waiver have already been implemented – and been shown to be significant barriers to low-income people getting and retaining benefits. These comments also draw on CLASP's experience in working with six states under the Work Support Strategies project, where these states sought to dramatically improve the delivery of key work support benefits to low-income families, including health coverage, nutrition benefits, and child care subsidies through more effective, streamlined, and integrated approaches. From this work, we learned that reducing unnecessary steps in the application and renewal process both reduced burden on caseworkers and made it easier for families to access and retain the full package of supports that they need to thrive in work and school.

CLASP submits the following comments in response to the KanCare 2.0 1115 Demonstration Waiver Amendment Application and raises serious concerns about the effects of the waiver, as proposed, on the coverage and health outcomes of low-income Medicaid beneficiaries in Kansas. In particular, the policies would have a dramatic and negative impact on access to care for vulnerable groups including deeply poor parents (leading to negative effects for their children as well) and former foster care youth. This waiver takes a big step backwards in coverage. We therefore believe that it is inconsistent with the goals of the Medicaid program.

Medicaid plays a critical role in supporting the health and well-being of low-income adults and children. Many work in low-wage jobs where employer sponsored health care is not offered, or is prohibitively expensive. Others may have health concerns that threaten employment stability, and without Medicaid, would be denied access to the medical supports they need to hold a job, such as access to critical medications.

The Medicaid statute is clear that the purpose of the program is to furnish medical assistance to individuals whose incomes are not enough to meet the costs of necessary medical care and to furnish such assistance and services to help these individuals attain or retain the capacity for independence and self-care. States are allowed in limited circumstances to request to “waive” provisions of the rule but the Secretary of Health and Human Services (HHS) may only approve a project which is “likely to assist in

promoting the objectives<sup>1</sup> of the Medicaid Act. A waiver that does not promote the provision of health care would not be permissible. This waiver proposals' attempt to transform Medicaid and reverse its core function will result in many adults losing needed coverage, poor health outcomes, and higher administrative costs. There is an extensive and strong literature that shows, as a recent New England Journal of Medicine review concludes "Insurance coverage increases access to care and improves a wide range of health outcomes."<sup>2</sup> This waiver is therefore inconsistent with the Medicaid purpose of providing medical assistance and improving health, and should be rejected. Moreover, losing health coverage will also make achieving work and education goals significantly more difficult for beneficiaries.

It is important to recognize that limiting parents' access to health care will have significant negative effects on their children as well. Children do better when their parents and other caregivers are healthy, both emotionally and physically.<sup>3</sup> 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.<sup>4</sup> Untreated chronic illnesses or pain can contribute to high levels of parental stress that are particularly harmful to children during their earliest years.<sup>5</sup> Additionally, health insurance coverage is key to the entire family's financial stability, particularly because coverage lifts the burdens of unexpected health problems and related costs. These findings were reinforced in a new study, which found that when parents were enrolled in Medicaid their children were more likely to have annual well-child visits.<sup>6</sup>

In our specific comments below we focus on two elements of the KanCare 2.0 proposal: work requirements and time limits.

### **Work Requirements**

Kansas is requesting to implement a work requirement for very low-income parents whose dependent children are older than age six. Under the state's proposal, single parents would have to work or participate in countable activities for 20 or 30 hours minimum, depending on the age of their children. The document is unclear whether all parents with children under age six will be exempt or only those that are not "caregivers". Two-parent households would have to work 35 or 55 hours. The state is proposing a grace period of three months during a 36 month period, which is too short of a time for people to obtain gainful employment. It is also unclear whether the state is also proposing to implement a work requirement for former foster youth up to age 26 who are eligible for Medicaid under the Affordable Care Act (ACA).

CLASP strongly opposes work requirements for Medicaid beneficiaries and urges Kansas to withdraw this request. Work requirements—and disenrollment for failure to comply—are inconsistent with the goals of Medicaid because they would act as a barrier to access to health insurance, particularly for those with chronic conditions and disabilities, but also for those in areas of high unemployment, or who work the variable and unpredictable hours characteristic of many low-wage jobs. In addition, while the purported goal of this provision is to promote work, the reality is that denying access to health care makes it less likely that people will be healthy enough to work. This provision would also increase administrative costs of the Medicaid program and reduce the use of preventative and early treatment services, ultimately driving up the costs of care while also leading to worse health outcomes.

The request for a work requirement is especially troublesome given Kansas' extremely low income eligibility limit for Medicaid for non-disabled adults. Non-disabled adults in Kansas are only eligible for Medicaid if they are living in extremely deep poverty (38 percent of the poverty level, equivalent to \$7,759.60 annually for a family of three) and raising dependent children or if they are former foster youth under 26. These families are facing enormous struggles to make ends meet, particularly after Kansas cut access to cash assistance and food assistance for many of these families. Placing extra burdens on these

families for the adults to receive health care is not only immoral, but may actually make it harder for them to find and keep employment.

Section 1931 of the Social Security Act ensures Medicaid eligibility for adults with children who would have been eligible for the Aid to Families with Dependent Children (AFDC) program according to 1996 income guidelines, regardless of whether they currently receive cash assistance. Kansas' request to implement a work requirement for this population (if not a caregiver for a child over age six) would effectively eliminate this guarantee of coverage. This request by Kansas appears to be in direct conflict with the law.

### *Work Requirements Do Not Promote Employment*

Modeling the work requirement on Temporary Assistance to Needy Families (TANF) is misguided and short sighted. Lessons learned from other programs demonstrate that work requirement policies are not effective in connecting people to living-wage jobs that provide affordable health insurance and other work support benefits such as paid leave.<sup>7</sup> A much better focus for public policy is to develop skills training for jobs that are in high demand and pay living wages, help people get the education they need to climb their career ladder, and foster an economy that creates more jobs.

Another consequence of a work requirement could be, ironically, making it harder for people to work. When additional red tape and bureaucracy force people to lose Medicaid, they are less likely to be able to work. People must be healthy in order to work, and consistent access to health insurance is vital to being healthy enough to work.<sup>8</sup> Medicaid expansion enrollees from Ohio<sup>9</sup> and Michigan<sup>10</sup> reported that having Medicaid made it easier to look for employment and stay employed. Making Medicaid more difficult to access could have the exact opposite effect on employment that supporters of work requirements claim to be pursuing.

Administrators in Kansas may claim that work requirements in TANF and SNAP have “successfully” led to a decrease in enrollment. The truth is that numerous policy changes, including a shorter lifetime time limit for TANF, have led to significantly fewer people accessing basic safety-net services. In June 2011, 14,204 households in Kansas were receiving assistance from TANF. By July 2017 only 4,423 families were receiving assistance. Food assistance shows a similar drop. 140,761 households were receiving food assistance in June 2011 and only 106,626 households received food assistance in July 2017.<sup>11</sup> However, during roughly the same timeframe the percent of children living in deep poverty (below 50 percent of the poverty level) has remained relatively consistent.<sup>12</sup> This suggests that families are not improving their economic standing, although they are no longer receiving TANF and SNAP assistance. This aligns with data that suggests those who do leave TANF and SNAP are most likely to be employed in low-wage jobs with irregular hours, such as restaurant and retail work. It's important to note that these jobs typically do not offer health insurance.

The waiver language states that the training and employment support available via TANF will also be available to KanCare members subject to the work requirement. However, the state's own data about TANF employment support cast serious doubt on whether the program has the capacity to serve additional Medicaid enrollees. In fiscal year 2016 only 931 families were counted as participating in TANF employment activities. Of these families, 872 – or nearly 94 percent -- were in the “unsubsidized employment” category, meaning they had obtained jobs and were working and not necessarily receiving any employment services from the state (based on the numbers it is possible that some people are both working and in school).<sup>13</sup> In fact, Kansas is serving so few people through the TANF employment support program that it is almost inconceivable that will be able to absorb the number of Medicaid enrollees who will be subject to the work requirement. For example, only 31 people were in the “job search” category and only 79 people were in the “vocational education” category.<sup>14</sup> The state's suggestion that this

program could serve the approximately 12,000 parents who will be subject to the Medicaid work requirement is simply unrealistic<sup>15</sup>.

#### *Work Requirements Grow Government Bureaucracy and Increase Red Tape*

The addition of a work requirement to Medicaid would add new red tape and bureaucracy to the program and only serve as a barrier to health care for enrollees. Tracking work hours, reviewing proof of work, and keeping track of who is and is not subject to the work requirement is a significant undertaking that will require new administrative costs and possibly new technology expenses to update IT systems. Lessons from other programs show that the result of this new administrative complexity and red tape is that *eligible* people will lose their health insurance because the application, enrollment, and on-going processes to maintain coverage are too cumbersome.

#### *Work Requirements Do Not Reflect the Realities of Our Economy*

Work requirements do not reflect the realities of today's low-wage jobs. For example, seasonal workers may have a period of time each year when they are not working enough hours to meet a work requirement and as a result will churn on and off the program during that time of year. Or, some may have a reduction in their work hours at the last minute and therefore not meet the minimum numbers of hours needed to retain Medicaid. Many low-wage jobs are subject to last-minute scheduling, meaning that workers do not have advance notice of how many hours they will be able to work.<sup>16</sup> This not only jeopardizes their health coverage if Medicaid has a work requirement, but also makes it challenging to hold a second job. If you are constantly at the whim of random scheduling at your primary job, you will never know when you will be available to work at a second job. This would lead to greater "churn" in Medicaid as people who become disenrolled reapply and enroll when they meet the work requirements.

#### *Work Requirements Will Harm Persons with Illness and Disabilities*

Many people who are unable to work due to disability or illness are likely to lost coverage because of the work requirement. Although Kansas is proposing to exempt individuals who receive Supplemental Security Income (SSI) for a disability, in reality many people are not able to work due to disability even if they do not receive SSI. A Kaiser Family Foundation study found that 35 percent of unemployed adults receiving Medicaid—but who are not receiving Disability/SSI—reported illness or disability as their primary reason for not working.<sup>17</sup> And an Ohio study found that one-third of the people referred to a SNAP employment program that would allow them to keep their benefits reported a physical or mental limitation. Of those, 25 percent indicated that the condition limited their daily activities,<sup>18</sup> and nearly 20 percent had filed for Disability/SSI within the previous 2 years. Additionally, those with disabilities may have a difficult time navigating the increased red tape and bureaucracy put in place to administer a work requirement. The end result is that many people with disabilities will in fact be subject to the work requirement and will be at risk of losing health coverage.

Those who are unable to work due to illness will also be harmed by this proposal. Several chronic conditions can inhibit someone's ability to work, and the language in the waiver proposal makes no acknowledgement of these situations. For example, depression is widespread among poor and low-income mothers and up to 50 percent of these mothers experience chronic or recurrent depression. In addition to having negative consequences for children, maternal depression also affect's a mother's ability to get and keep work.<sup>19</sup> Eliminating health coverage for someone in this position has only negative consequences – the mother, the family, and to society. There is no gain from eliminating health coverage for a mother who is unable to work due to mental illness.

The waiver language also does not address illness that require ongoing treatment, such as dialysis or another chronic illness. This means that someone on Medicaid and undergoing treatment would be cut off after three months if they did not meet the work requirement. Another population that will be harmed by this proposal is people undergoing substance use treatment and leaving treatment. The state's own data in the waiver document (page 91) shows that fewer than half of people leaving substance use treatment are employed. When considering a work requirement for this population (assuming some are very low-income parents), the data provided by Kansas leads to the assumption that at least 60 percent of people leaving substance use treatment would lose their health insurance due to unemployment. This is likely to reduce their overall stability in life and may contribute to future substance abuse.

For all the reasons laid out above, the state should reconsider their approach to encouraging work. If Kansas is serious about encouraging work and helping people move into jobs that allow for self-sufficiency (and affordable employer sponsored insurance) the state would be committed to ensuring that all adults have access to health insurance in order to ensure they are healthy enough to work. Instead, the state is asking to place additional barriers between the state's most vulnerable families and their health care.

### **Time Limits**

Above and beyond the work requirements, Kansas proposes to impose time limits on participants EVEN if they are working or otherwise meeting the work requirements. Members who meet the work requirement will be limited to a total of 36 months of Medicaid coverage during their lifetime. All of the above reasons that work requirements are ill-conceived are also true for a time limit. However, a time limit goes further by assuming that people will not be in poverty for more than three years of their adult life. Kansas already has an extremely limited health insurance safety-net for adults, and the addition of a time limit further eviscerates the safety-net, leaving it practically non-existent for adults. Proposing a time limit on access to health care is perhaps the most extreme and immoral request of all. The imposition of a lifetime time limit on Medicaid implies that people are able to quickly move out of deep poverty and into employment *that offers affordable employer-sponsored insurance (ESI)*. Unfortunately, this is simply not the reality of many jobs in America. Only 49 percent of people in this country receive health insurance through their jobs – and only 16 percent of poor adults do so.<sup>20</sup> The reality is that many low-wage jobs, particularly in industries like retail and restaurant work, do not offer ESI, and when they do, it is not affordable.<sup>21</sup>

Low-wage work in America does not fit into the “9 to 5” conception that many politicians and state administrators have of work. About half of low-wage hourly workers have schedules outside the traditional Monday-Friday, 9-5 routine and are patching together two or more part-time jobs to support their families.<sup>22</sup> Frequently, they aren't getting traditional employment benefits (such as health insurance) that middle- and upper-income Americans receive with their jobs. Recent data show that 5 million workers reported working part-time, despite wanting full-time jobs.<sup>23</sup> Involuntary part-time work is a symptom of the low-wage labor market that makes it difficult for people to gain economic security. People working multiple part-time jobs or in the gig economy are particularly unlikely to have access to employer-provided insurance.

This population needs a medical safety-net *in order to stay healthy enough to remain in the workforce*. Unfortunately, the Governor of Kansas has vetoed the legislature's will to expand Medicaid to provide this very safety-net. This request to add a lifetime time limit to Medicaid is another immoral action by the Administration.

A lifetime limit incentivizes people to enroll in Medicaid only when they are sick, rather than using their limited months during times when they are well. This will have negative consequences for enrollees and for the program. People will not receive preventative care, early treatment for new illnesses, or consistent treatment of chronic diseases. As a result, when people are enrolled in Medicaid their health costs will be high. For all these reasons, the request for a lifetime limit is contradictory to all the rhetoric in the waiver proposal about social determinants of health.

Once someone reaches the 36 month lifetime limit, they will have no medical safety-net left for future crises or hard economic times. Even if they would later qualify for an exemption to the time limit, they are unlikely to know that they are eligible if they have previously been turned away by the state.

Placing a time limit on parents' coverage will also have negative implications for their children's coverage and health. Research repeatedly demonstrates that children are more likely to have health insurance when their parents have health insurance. New research shows that when parents have insurance their children are more likely to receive annual check-ups and well child visits.<sup>24</sup> Limiting parents' coverage will have a trickle-down effect on children's coverage – children will become uninsured and will be less likely to receive annual check-ups and well-child visits.

The reasons above make it clear that a work requirement and a lifetime limit on Medicaid coverage is not only immoral, but also not in the best interest of low-income Kansans and the state. The state should withdraw these components of the KanCare 2.0 plan and re-evaluate how to achieve their stated goal of promoting employment and independence.

Lastly, CLASP notes that Kansas is not providing financing and budget neutrality documents for the state public comment period. This lack of transparency is unfortunate and does not provide stakeholders with all the information they need in order to comment fully.

Thank you for your consideration of CLASP's comments. Please contact Suzanne Wikle ([swikle@clasp.org](mailto:swikle@clasp.org)) with questions.

<sup>1</sup> Jane Perkins, "Section 1115 Demonstration Authority: Medicaid Act Provisions That Prohibit a Waiver," National Health Law Program, 2017, <http://www.healthlaw.org/issues/medicaid/waivers/sec-1115-demonstration-authority-medicicaid-provisions-that-prohibit-waiver#.WhRIBFWnHIU>

<sup>2</sup> Benjamin D. Sommers, M.D., Ph.D., Atul A. Gawande, M.D., M.P.H., and Katherine Baicker, Ph.D., Health Insurance Coverage and Health — What the Recent Evidence Tells Us, New England Journal of Medicine, July 21, 2017. <http://www.nejm.org/doi/full/10.1056/NEJMs1706645>.

<sup>3</sup> Jack Shonkoff, Andrew Garner, "The Lifelong Effects of Early Childhood Adversity and Toxic Stress," Pediatrics, December 2011, <http://pediatrics.aappublications.org/content/early/2011/12/21/peds.2011-2663>.

<sup>4</sup> Stephanie Schmit and Christina Walker, "Seizing New Policy Opportunities to Help Low-Income Mothers with Depression," CLASP, 2016, <http://www.clasp.org/resources-and-publications/publication-1/Opportunities-to-Help-Low-Income-Mothers-with-Depression-2.pdf>.

<sup>5</sup> National Scientific Council on the Developing Child and National Forum on Early Childhood Program Evaluation, "Maternal Depression Can Undermine the Development of Young Children," Center on the Developing Child, Harvard University, Working Paper 8, 2009, <http://developingchild.harvard.edu/resources/maternal-depression-can-undermine-the-development-of-young-children>.

<sup>6</sup> Maya Venkataramani, Craig Evan Pollack, Eric T. Roberts, "Spillover Effects of Adult Medicaid Expansions on Children's Use of Preventive Services," Pediatrics. 2017;140(6):e20170953, <http://pediatrics.aappublications.org/content/pediatrics/early/2017/11/09/peds.2017-0953.full.pdf>.

<sup>7</sup> Jessica Gehr, "Doubling Down: How Work Requirements in Public Benefit Programs Hurt Low-Wage Workers," CLASP, June 2017, <http://www.clasp.org/resources-and-publications/publication-1/Doubling-Down-How-Work-Requirementsin-Public-Benefit-Programs-Hurt-Low-Wage-Workers.pdf>.

<sup>8</sup> Jessica Gehr and Suzanne Wikle, "The Evidence Builds: Access to Medicaid Helps People Work," February 2017, CLASP, <http://www.clasp.org/resources-and-publications/publication-1/The-Evidence-Builds-Access-to-Medicicaid-Helps-People-Work.pdf>.

<sup>9</sup> The Ohio Department of Medicaid, "Ohio Medicaid Group VIII Assessment: A Report to the Ohio General Assembly," January 2017, <http://medicaid.ohio.gov/Portals/0/Resources/Reports/Annual/Group-VIII-Assessment.pdf>.

<sup>10</sup> Renuka Tipirneni, Jeffrey Kullgren, John Ayanian, Edith Kieffer, Ann-Marie Rosland, Tammy Chang, Adrienne Haggins, Sarah Clark, Sunghee Lee, and Susan Goold, "Medicaid Expansion Helped Enrollees Do Better at Work or in Job Searches," University of Michigan, June 2017, <http://ihpi.umich.edu/news/medicaid-expansion-helped-enrollees-do-better-work-or-jobsearches>.

<sup>11</sup> Kansas Department of Children and Families, Caseload Detail for Selected Assistance Programs SFY 2011, [http://www.dcf.ks.gov/services/ees/Documents/SFY2011\\_CntyCaseload\\_Rpt.pdf](http://www.dcf.ks.gov/services/ees/Documents/SFY2011_CntyCaseload_Rpt.pdf) and Kansas Department of Children and Families, Caseload Detail for Selected Assistance Programs SFY 2018, [http://www.dcf.ks.gov/services/ees/Documents/SFY2018\\_CntyCaseload\\_Rpt.pdf](http://www.dcf.ks.gov/services/ees/Documents/SFY2018_CntyCaseload_Rpt.pdf)

<sup>12</sup> Population Reference Bureau, analysis of data from the U.S. Census Bureau, Census 2000 Supplementary Survey, 2001 Supplementary Survey, 2002 through 2016 American Community Survey.

<sup>13</sup> U.S. Department of Health and Human Services, "TANF Work Participation Rate," Office of the Administration for Children and Families, 2016, <https://www.acf.hhs.gov/sites/default/files/ofa/wpr2016table04a.pdf>.

<sup>14</sup> Ibid.

<sup>15</sup> Hays Post, Kansas Proposes: If you want Medicaid, you must have a job, October 28, 2017, <https://www.hayspost.com/2017/10/28/state-unveils-proposed-new-kancare-waiver/>

<sup>16</sup> Liz Ben-Ishai, "Volatile Job Schedules and Access to Public Benefits" CLASP, September 2015,

<http://www.clasp.org/resources-and-publications/publication-1/2015.09.16-Scheduling-Volatility-and-BenefitsFINAL.pdf>.

<sup>17</sup> Rachel Garfield, Robin Rudowitz, and Anthony Damico, "Understanding the Intersection of Medicaid and Work, February 2017, <http://kff.org/medicaid/issue-brief/understanding-the-intersection-of-medicaid-and-work/>.

<sup>18</sup> Ohio Association of Foodbanks, Comprehensive Report: Able-Bodied Adults Without Dependents, 2015, [http://admin.ohiofoodbanks.org/uploads/news/ABAWD\\_Report\\_2014-2015-v3.pdf](http://admin.ohiofoodbanks.org/uploads/news/ABAWD_Report_2014-2015-v3.pdf).

<sup>19</sup> Stephanie Schmit and Christina Walker, "Seizing New Policy Opportunities to Help Low-income Mothers with Depression: Current Landscape, Innovations, and Next Steps," CLASP, June 2016,

<https://www.clasp.org/sites/default/files/publications/2017/04/Seizing-New-Policy-Opportunities-to-Help-Low-Income-Mothers-with-Depression-FINAL.pdf>.

<sup>20</sup> Kaiser Family Foundation, "Health Insurance Coverage of the Total Population," 2016,

<http://www.kff.org/other/stateindicator/totalpopulation/> and KFF "Health Insurance Coverage of Adults 19-64 Living in Poverty (under 100% FPL)" 2016, <https://www.kff.org/other/state-indicator/poor-adults>

<sup>21</sup> Brynne Keith-Jennings and Vincent Palacios, "SNAP Helps Millions of Low-Wage Workers," Center on Budget and Policy Priorities, May 2017, <http://www.cbpp.org/research/food-assistance/snap-helps-millions-of-low-wage-workers>.

<sup>22</sup> Liz Watson and Jennifer E. Swanberg, "Flexible Workplace Solutions for Low-Wage Hourly Workers: A Framework for a National Conversation," Georgetown Law and University of Kentucky, 2011,

<http://workplaceflexibility2010.org/images/uploads/whatsnew/Flexible%20Workplace%20Solutions%20for%20LowWage%20Hourly%20Workers.pdf>.

<sup>23</sup> United States Department of Labor, "Table A-8. Employed Persons by Class of Worker and Part-Time Status," Bureau of Labor Statistics, 2015, <https://www.bls.gov/webapps/legacy/cpsatab8.htm>.

<sup>24</sup> Maya Venkataramani, Craig Evan Pollack, Eric T. Roberts, "Spillover Effects of Adult Medicaid Expansions on Children's Use of Preventive Services," Pediatrics. 2017;140(6):e20170953,

<http://pediatrics.aappublications.org/content/pediatrics/early/2017/11/09/peds.2017-0953.full.pdf>.