



Policy solutions that work for low-income people

December 21, 2017

Dept. of Health and Human Services, Division of Health Benefits  
1950 Mail Service Center  
Raleigh NC 27699-1950

Re: Proposal to amend North Carolina's Proposed 1115 Demonstration Waiver Amendment Application

Dear Secretary Cohen,

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, including North Carolina, 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 1115 Demonstration Waiver Amendment. CLASP supports many aspects of this waiver amendment, including a focus on social determinants of health and better integrating behavioral and physical health care.

Our specific comments below focus on the language in the waiver amendment regarding work requirements and premiums for persons who would be covered under the Carolina Cares legislation that is pending in the state legislature.

### **Work Requirements**

The waiver amendment states that Carolina Cares enrollees would be required to be employed or engaged in activities to promote employment. The waiver amendment also states that exemptions to the work requirement would include those who are: Caring for a dependent minor child, an adult disabled child or a disabled parent; Receiving active treatment of substance use disorder; or Medically Frail.

CLASP strongly opposes work requirements for Medicaid beneficiaries. Work requirements 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, 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. Should the Carolina Cares bill be passed by the legislature, the agency will need to focus its energies on enrolling all the newly eligible North Carolinians. Adding the complexity of implementing and tracking work requirements, and screening for exemptions, will add significant barriers to the task of implementing Medicaid expansion and will make it more difficult to take advantage of best practices, such as direct enrollment of SNAP recipients who are clearly also eligible for Medicaid.

### *Work Requirements Do Not Promote Employment*

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>1</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>2</sup> Medicaid expansion enrollees from Ohio<sup>3</sup> and Michigan<sup>4</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.

### *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. This would lead to greater “churn” in Medicaid as people who become disenrolled reapply and enroll when they meet the work requirements, again driving up administrative costs.

### *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>5</sup> This not only jeopardizes their health coverage if Medicaid has a work requirement, but also makes it challenging to hold a second job in order to increase their hours. 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.

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

Many people who are unable to work due to disability or illness are likely to lose coverage because of the work requirement. 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>6</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>7</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. 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 affects a mother's ability to get and keep work.<sup>8</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.

### **Monthly Premiums**

Medicaid has strong affordability protections to ensure that beneficiaries have access to a comprehensive service package and protects beneficiaries from out-of-pocket costs, particularly those due to an illness.<sup>9</sup> CLASP strongly opposes this waiver proposal to require non-exempt persons in the Carolina Cares population to pay up to 2% of their income in premiums.

Studies of the Healthy Indiana waiver, which required Medicaid recipients with incomes between 100 and 138 % of FPL to pay a premium<sup>10</sup> or face disenrollment or lockout,<sup>11</sup> have found that it deters enrollment. About one-third of individuals who applied and were found eligible were not enrolled because they did not pay the premium.<sup>12</sup>

A large body of research shows that even modest premiums keep people from enrolling in coverage.<sup>13</sup> Moreover, simply the burden of understanding the premium requirements and submitting payments on a regular basis may be a challenge to people struggling with an overload of demands on their time and executive functioning capacities. In a survey of Indiana enrollees who failed to pay the required premium, more than half reported confusion of either the payment process or the plan as the primary reason, and another 13 percent indicated that they forgot.<sup>14</sup> Finally, states or insurance companies may fail to process payments in a timely fashion, leading to benefit denials even for people who make the required payments.<sup>15</sup>

Thank you for your consideration of these comments. If you have any questions, please contact Suzanne Wikle at [swikle@clasp.org](mailto:swikle@clasp.org).

<sup>1</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>2</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-Medicaid-HelpsPeople-Work.pdf>.

<sup>3</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>4</sup> Renuka Tipirneni, Jeffrey Kullgren, John Ayanian, Edith Kieffer, Ann-Marie Rosland, Tammy Chang, Adrienne Haggins, Sarah Clark, Sunhee 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-orjobsearches>.

<sup>5</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>6</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>7</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>8</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>9</sup> Commonwealth Fund, “Does Medicaid Make a Difference,” 2014, <http://www.commonwealthfund.org/publications/issue-briefs/2015/jun/does-medicaid-make-a-difference>.
- <sup>10</sup> MaryBeth Musumeci, Robin Rudowitz, Petry Ubri, and Elizabeth Hinton, “An Early Look at Medicaid Expansion Waiver Implementation in Michigan and Indiana,” Kaiser Family Foundation, January 2017, <http://files.kff.org/attachment/Issue-Brief-An-Early-Look-at-Medicaid-Expansion-Waiver-Implementation-in-Michigan-and-Indiana>. Lower-income recipients could opt to pay a premium in order to receive an enhanced package of benefits.
- <sup>11</sup> Dee Mahan, “Indiana’s Medicaid Expansion Waiver: Arguments to Counter Problematic Elements,” FamiliesUSA, February 2015, <http://familiesusa.org/product/indiana-medicaid-expansion-waiver-arguments-counter-problematic-elements>.
- <sup>12</sup> Judith Solomon, “Indiana Medicaid Waiver Evaluation Shows Why Kentucky’s Medicaid Proposal Shouldn’t Be Approved,” Center on Budget and Policy Priorities, August 2016, <http://www.cbpp.org/research/health/indiana-medicaid-waiver-evaluation-shows-why-kentuckys-medicaid-proposal-shouldnt-be>.
- <sup>13</sup> David Machledt, “What Makes Medicaid, Medicaid? Affordability,” National Health Law Program, March 2017, <http://www.healthlaw.org/issues/medicaid/what-makes-medicaid-medicad-affordability#.WQn1BIpytPM>.
- <sup>14</sup> The Lewin Group, Inc., Indiana Healthy Indiana Plan 2.0: Interim Evaluation Report, July 2016, <https://www.medicaid.gov/Medicaid-CHIP-Program-Information/By-Topics/Waivers/1115/downloads/in/Healthy-Indiana-Plan-2/in-healthy-indiana-plan-support-20-interim-evl-rpt-07062016.pdf>.
- <sup>15</sup> Alison Kodjak, “The Future Of Medicaid May Be Found In Indiana, Where The Poor Pay,” NPR, December 2016, <http://www.npr.org/sections/health-shots/2016/12/27/506348147/the-future-of-medicaid-may-be-found-in-indiana-where-the-poor-pay>.