



PUBLIC COMMENT ON PROPOSED MEDICAID WORK REQUIREMENT

Ohio Department of Medicaid
Group VIII Work Requirement and Community Engagement
1115 Demonstration Waiver

March 15, 2018

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The Foundation for Government Accountability strongly supports Ohio's efforts to move able-bodied adults from welfare to work. The proposed Section 1115 waiver is a critical step forward in achieving this goal and will move thousands of able-bodied adults to self-sufficiency. The waiver will also protect limited resources for the truly needy, ensuring long-term sustainability for the Medicaid program.

As the Department of Medicaid finalizes its waiver submission, it should consider three changes to the proposal that will ensure the waiver conforms to statutory requirements and has the best chance at success. These changes will improve on the proposed exemption policies and ensure more able-bodied adults move from welfare to work.

Background

In 2014, Ohio opted into ObamaCare's Medicaid expansion, which extended eligibility to a new class of able-bodied adults. Since then, the number of able-bodied adults dependent on the program has more than doubled, almost entirely due to the Medicaid expansion.¹

Far more able-bodied adults have signed up for the expansion than state officials initially expected, resulting in large cost overruns. Although the Kasich administration anticipated Medicaid expansion enrollment would never exceed 447,000, actual enrollment blew past the state's projected maximum in less than a year.² By May 2017, more than 725,000 adults had enrolled in the expansion.³

Higher than anticipated enrollment has led to exploding cost overruns. State officials initially expected the Medicaid expansion to cost just \$7.4 billion during the first three and a half years of operation.⁴ But the actual cost to taxpayers over that time was a whopping \$14.5 billion—nearly twice what was promised.⁵

These cost overruns have placed additional budget pressure on Medicaid, threatening the program's long-term sustainability and putting the truly needy at risk. After all, every dollar spent on providing Medicaid to this new class of able-bodied adults is a dollar that cannot be used to fund services for those Medicaid was designed to protect, including seniors, poor children, and individuals with disabilities.

The Medicaid expansion is also trapping hundreds of thousands of able-bodied adults in welfare dependency, with little hope or opportunity for better lives. Although work is the single greatest tool to moving people into self-sufficiency, few expansion enrollees work full-time. In fact, the Ohio Department of Medicaid testified in 2015 that just 42 percent of expansion enrollees work at all.⁶⁻⁷

Worse yet, research shows that expanding Medicaid eligibility to able-bodied adults discourages work, making enrollees even less likely to participate in the labor force.⁸ Work requirements can help offset these incentives and move thousands of able-bodied adults out of welfare and back to work.

Moving able-bodied adults from welfare to work will improve lives

Work requirements have a strong track record of success in moving able-bodied adults from welfare to work. The work-first welfare reforms of the 1990s moved millions of welfare recipients into the labor force with work requirements, spurring greater economic growth, more employment, and less dependency.⁹

Research on state-led initiatives in both cash welfare and food stamps have shown similar successes. After Kansas implemented work requirements for able-bodied, childless adults on food stamps, individuals who left welfare went back to work in more than 600 different industries and saw their incomes skyrocket, more

than doubling on average.¹⁰ Even better, this increased income more than offset their lost welfare benefits, leaving them financially better off.¹¹ When Maine implemented the same work requirements, it saw similar impressive results: incomes of former enrollees more than doubled and caseloads declined by 90 percent.¹²

States have seen the same outcomes after work requirements were implemented for able-bodied parents on other welfare programs. In Kansas, for example, stronger work requirement sanctions were followed by lower caseloads, more employment, and higher incomes.¹³

One of Medicaid's core statutory objectives is to help low-income families and individuals attain capability for independence.¹⁴ In reviewing Medicaid waivers, the Centers for Medicare and Medicaid Services (CMS) evaluates whether proposals will "promote upward mobility, greater independence, and improved quality of life" if implemented.¹⁵ CMS also reviews whether proposals will "ensure Medicaid sustainability for beneficiaries over the long term" if approved.¹⁶

The research is clear: work requirements can further these critical Medicaid objectives. Work is the best path out of dependency and into self-sufficiency and independence. It provides significant benefits that improve quality of life.¹⁷ Moving able-bodied adults from welfare to work would also preserve resources for the truly needy and ensure the Medicaid program's long-term sustainability.

Ohio's waiver should be amended to conform to statutory requirements

Although the proposed waiver represents a significant step forward, a number of changes should be considered to ensure the waiver conforms to statutory requirements and has the best chance for success.

Age exemptions

The current draft seeks to exempt able-bodied adults from the work requirement if they are older than 50 years of age. This exemption does not conform with statutory requirements, as Ohio Revised Code § 5166.37 limits such exemptions to able-bodied adults who are at least 55 years old.¹⁸ Although the Department correctly notes that the *time limit* for able-bodied childless adults on food stamps stops at age 50, the Department's proposed exemption is not necessary to bring alignment between the food stamp program or the cash assistance program. The food stamp program, for example, requires individuals under the age of 60 to register for work and participate in an employment and training program if assigned, among other requirements.¹⁹ Ohio also has no blanket exemption for age in its TANF cash welfare program.²⁰

Ohio's proposed exemption is particularly concerning given the fact that getting middle-age able-bodied adults back into the labor force as quickly as possible is critical to returning them to a path of self-sufficiency.²¹ Research shows that re-entering the workforce becomes harder for able-bodied adults the longer they spend on welfare and the longer they spend not working.²² Longer periods of worklessness also contribute to deteriorating health, especially among middle age workers.²³

CMS has previously approved Medicaid work requirements for able-bodied adults 64-years-old and younger.²⁴ The Department of Medicaid should revise its waiver request to reduce exemptions for middle-aged adults and better conform to statutory requirements.

Parent exemption

The current draft also seeks to exempt able-bodied adults from the work requirements if they reside in a household with children. The Department estimates that this will exempt more than 95,000 able-bodied adults from the requirement. But this exemption does not conform with statutory requirements, as Ohio Revised Code § 5166.37 does not provide for any exemptions for parents or caretakers.²⁵

Although the Department correctly notes that the *time limit* for able-bodied childless adults on food stamps does not apply to parents, the Department's proposed exemption is not necessary to bring alignment between the food stamp program or the cash assistance program. The food stamp program, for example, requires parents with school-aged children to register for work and participate in an employment and training program if assigned, among other requirements.²⁶ Ohio's cash assistance program provides an exemption only for single parents who are caring for children under the age of one.²⁷

Additionally, while federal law exempts parents or caretakers "with responsibility for a dependent child" from the food stamp *time limit*, the Department of Medicaid's proposal would exempt any able-bodied adults who reside in a household with a minor child, including older siblings and others, regardless of whether they are responsible for caring for the child, from the Medicaid work requirement.²⁸

The Department of Medicaid should revise its waiver request to eliminate exemptions for parents and better conform to statutory requirements.

Chronic condition exemptions

The current draft also seeks to exempt able-bodied adults from the work requirements if they have one or more "chronic conditions." The Department estimates that this will exempt more than 257,000 adults from the requirement. This exemption does not conform with statutory requirements, as Ohio Revised Code § 5166.37 provides an exemption only for those with intensive physical health care needs or serious mental illnesses.²⁹ The intent of the statutory exemption was to ensure that the requirement does not apply to those who are physically or mentally unfit for employment due to disability, intensive physical health care needs, or severe mental illness. It is unclear if all 257,000 individuals expected to be exempt under this draft exemption have the kind of intensive physical health care needs or serious mental illnesses that would render them unfit for employment. Given the fact that the draft waiver already provides a separate exemption avenue for individuals physically or mentally unfit for employment, this additional chronic condition exemption policy is unnecessary.

The Department of Medicaid should revise its waiver request to better conform to statutory requirements by ensuring such exemption policies only apply to adults who are physically or mentally unfit for employment.

Conclusion

The Foundation for Government Accountability strongly supports Ohio's efforts to move able-bodied adults from welfare to work. The proposed Section 1115 waiver is a critical step forward in achieving this goal and will move thousands of able-bodied adults to self-sufficiency and independence. The waiver will also protect limited resources for the truly needy, ensuring long-term sustainability for the Medicaid program.

It is important that we ask the right questions to make sure that Medicaid is not funding the drug problem and instead is structured to promote work and health for our citizens.

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