



OBAMACARE'S NOT WORKING:

# How Medicaid expansion is fostering dependency

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# KEY FINDINGS

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## THE PROBLEM:

OBAMACARE EXPANSION CREATED A NEW WELFARE TRAP FOR MORE THAN **12 MILLION** ABLE-BODIED ADULTS



2

## THE RESULT:

NATIONWIDE, AN ESTIMATED **6.8 MILLION** OBAMACARE EXPANSION ENROLLEES ARE NOT WORKING AT ALL



3

## THE SOLUTION:

MEDICAID NEEDS COMMONSENSE **WORK REQUIREMENTS** TO HELP ABLE-BODIED ADULTS OUT OF DEPENDENCY



4

## THE PROGRESS:

**MORE THAN A DOZEN** STATES ARE ALREADY MOVING FORWARD WITH MEDICAID WORK REQUIREMENTS



5

## THE OPPORTUNITY:

STATE AND FEDERAL POLICYMAKERS SHOULD CONTINUE PLOWING AHEAD WITH THIS COMMONSENSE REFORM



## BOTTOM LINE:

IT'S TIME FOR OBAMACARE EXPANSION ENROLLEES TO GET TO WORK.

## The problem: ObamaCare created a new welfare trap for more than 12 million able-bodied adults

In 2012, the Supreme Court made ObamaCare expansion optional for states. Unfortunately, 31 states took the bait and authorized expansion, signing up far more able-bodied adults than ever anticipated. California, for example, has signed up more than four times as many non-disabled, working-age adults than they said would ever possibly enroll.<sup>1</sup> Nationwide, more than 12.4 million able-bodied adults are now dependent on Medicaid as a result of state decisions to expand ObamaCare, siphoning away resources that could instead go to help the truly needy.<sup>2</sup>

Unlike other major welfare programs, able-bodied adults in ObamaCare expansion have no work requirement, no training requirement, and no volunteering requirement. Enrollees also face no time limit, which puts ObamaCare expansion outside the mainstream when it comes to other major welfare programs in the United States.

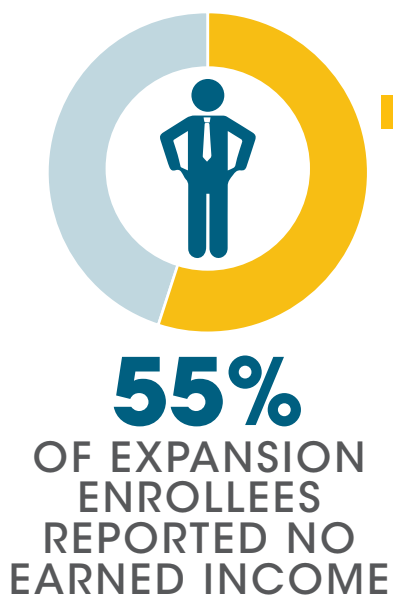
With no work requirement or time limit, ObamaCare effectively transformed Medicaid—a program originally intended to serve the elderly and disabled—into a new welfare trap for able-bodied adults. New data from more than a dozen ObamaCare expansion states reveal that, if expansion enrollees are not required to work, they will not—at all.



**ABLE-BODIED  
ADULTS ARE NOW  
DEPENDENT  
ON MEDICAID  
NATIONWIDE AS A  
RESULT OF EXPANSION**

## The result: Nationwide, an estimated 6.8 million ObamaCare expansion enrollees are not working

New data obtained from state Medicaid agencies show that an alarming number of able-bodied adult ObamaCare expansion enrollees are not working at all. In states with responsive data, a whopping 55 percent of expansion enrollees report no earned income.<sup>3-14</sup>



STATE	PERCENT NOT WORKING AT ALL
Arkansas	55%
Illinois	70%
Kentucky	52%
Maryland	40%
Michigan	49%
Montana	59%
New Hampshire	48%
Nevada	60%
Ohio	58%
Pennsylvania	48%
West Virginia	58%
<b>TOTAL</b>	<b>55%</b>

Based on this data, an estimated 6.8 million of the 12.4 million expansion enrollees nationwide are not working at all. While these able-bodied adults remain on the rolls—refusing to work and consuming resources—nearly 650,000 individuals with developmental disabilities, spinal cord injuries, and other conditions remain trapped on Medicaid waiting lists for needed home-based services.<sup>15</sup> Since expansion began, at least 21,904 individuals languishing on Medicaid waiting lists in ObamaCare expansion states have died.<sup>16</sup>

Under the status quo, unfortunately, policymakers should not expect this situation to improve much. ObamaCare’s Medicaid expansion not only gives enrollees no incentive to climb the economic ladder—it punishes individuals who would even try, per data from the Congressional Budget Office.<sup>17</sup>

## **The solution: Medicaid needs commonsense work requirements to help able-bodied adults out of dependency**

Work is critical to maintaining self-sufficiency and is the best path out of dependency. In fact, research shows that the longer able-bodied adults spend on welfare, the more difficult it is for them to re-enter the workforce.<sup>18</sup> Helping able-bodied adults out of dependency as quickly as possible is critical to future success.

Research has further shown that, after work requirements were implemented in other welfare programs, able-bodied adults went back to work in more than 600 different industries and their incomes more than doubled, on average.<sup>19-21</sup> Higher wages more than offset lost welfare benefits, leaving individuals financially better off and spurring greater economic growth.<sup>22-23</sup> Requiring able-bodied adults on Medicaid to work, train, or volunteer at least part-time can replicate this same success.

**AFTER WORK REQUIREMENTS WERE IMPLEMENTED IN OTHER WELFARE PROGRAMS, ABLE-BODIED ADULTS...**



**WENT BACK TO WORK IN 600 DIFFERENT INDUSTRIES**



**MORE THAN DOUBLED THEIR INCOMES**



**MORE THAN OFFSET THEIR LOST WELFARE BENEFITS**



# ARKANSAS

BECAME THE FIRST  
STATE TO TAKE  
MEDICAID WORK  
REQUIREMENTS LIVE  
ON JUNE 1, 2018



## The progress: More than a dozen states are already moving forward with Medicaid work requirements

On January 11, 2018, the Centers for Medicare and Medicaid Services issued new guidance on how states could incorporate work requirements into their Medicaid programs.<sup>24</sup> One day later, the Trump administration and the state of Kentucky made history together with the approval of the state's Medicaid waiver, which focused heavily on a new work requirement.<sup>25</sup> This approval marked the first time that work requirements have ever been allowed in the Medicaid program.<sup>26</sup>

Since Kentucky's approval, an additional three states—Indiana, Arkansas, and New Hampshire—have won approval for commonsense work requirements within Medicaid.<sup>27-28</sup> On June 1, 2018, Arkansas became the first state to take its Medicaid work requirement live.

Proposals to bring work requirements to Medicaid have already been submitted to the Trump administration by Alabama, Arizona, Kansas, Maine, Mississippi, Ohio, and Wisconsin. Additional waivers are being prepared in Michigan, Oklahoma, South Carolina, South Dakota, and Tennessee. Although provisions and exemptions vary by state, these waivers will generally require able-bodied adults to work, train, or volunteer to maintain eligibility for Medicaid—and this reform momentum may be just the beginning.



## The opportunity: State and federal policymakers should continue plowing ahead with critical Medicaid work requirements

Moving forward, states should continue to use the Section 1115 waiver process to implement work requirements. With Medicaid now consuming close to one out of every three dollars in state budgets and truly needy individuals continuing to languish on state Medicaid waiting lists, state policymakers should act with urgency.

Congress should also act to make Medicaid work requirements more attainable. The waiver process is lengthy and complicated for states. Congress should instead give states explicit authority to implement commonsense work requirements for able-bodied adults in Medicaid. While this idea gained significant traction during last year's ObamaCare repeal debate, it failed to make it across the finish line.

Congress should make this commonsense reform a priority once again in order to move as many able-bodied adults from welfare to work as quickly as possible and free up limited resources for the truly needy.

“ Congress should make this commonsense reform a priority once again... ”

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3. Authors' calculations based upon the total number of expansion enrollees and the total number reporting no earned income in states with responsive public records. This sample does not include states which ignored public records requests, states which claimed no such data was available, or states without complete records responsive to the issue.
4. As of January 18, 2018, approximately 159,944 out of 289,428 expansion enrollees in Arkansas have no earned income, according to data provided by the Arkansas Department of Human Services.
5. As of February 26, 2018, approximately 403,542 out of 580,353 expansion enrollees in Illinois have no earned income, according to data provided by the Illinois Department of Healthcare and Family Services.
6. As of June 11, 2018, approximately 241,828 out of 462,572 expansion enrollees in Kentucky have no earned income, according to data provided by the Kentucky Cabinet for Health and Family Services.
7. As of February 2018, approximately 122,368 out of 306,825 expansion enrollees in Maryland have no earned income, according to data provided by the Maryland Department of Health.
8. As of July 2017, approximately 323,927 out of 664,568 expansion enrollees in Michigan have no income, according to data provided by the Michigan Department of Health and Human Services.
9. As of December 15, 2017, approximately 52,470 out of 89,605 expansion enrollees in Montana are unemployed or students, according to data provided by the Montana Legislative Services Division.
10. As of May 31, 2017, approximately 25,081 out of 52,557 expansion enrollees in New Hampshire have no income, according to data provided by the New Hampshire Department of Health and Human Services.
11. As of October 12, 2017, approximately 60 percent of expansion enrollees in Nevada have no income, according to data provided by the Nevada Department of Health and Human Services.
12. As of February 14, 2015, approximately 42 percent expansion enrollees in Ohio were classified as working, according to data provided by the Ohio Department of Medicaid.
13. As of February 15, 2018, approximately 376,185 out of 785,244 expansion enrollees in Pennsylvania have no earned income, according to data provided by the Pennsylvania Department of Human Services.
14. As of September 5, 2017, approximately 95,642 out of 164,493 expansion enrollees in West Virginia have no earned income, according to data provided by the West Virginia Department of Health and Human Resources.
15. Nic Horton, "Waiting for help: The Medicaid waiting list crisis," Foundation for Government Accountability (2018), <https://thefga.org/wp-content/uploads/2018/03/WAITING-FOR-HELP-The-Medicaid-Waiting-List-Crisis-0306181.pdf>.
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