



# What the Medicaid work requirements ruling means

Work requirements advance several core objectives of the Medicaid program, including helping individuals attain the capacity for independence. Unfortunately, a federal judge has paused waivers in Arkansas and Kentucky over procedural issues related to the waiver process. While these Court decisions have been appealed, they did not overturn policy guidance issued by the Centers for Medicare and Medicaid Services (CMS) authorizing the waivers, and did not stop CMS from continuing to approve Medicaid work requirements in other states.



## Did the Court conclude that Medicaid work requirements are illegal?

The Court did not rule that Medicaid work requirements waivers are illegal. In fact, the Court's opinion expressly states that it "is not suggesting" that Medicaid work requirement waivers are inherently unlawful. The Court also refused to strike down official guidance issued by CMS which outlined how and why it would approve Medicaid work requirements.



## Why were Arkansas' and Kentucky's waivers vacated?

The Court vacated Arkansas' and Kentucky's waivers on procedural grounds. This means that both states' waivers are paused pending further review by CMS. In both cases, the Court believed that CMS did not "adequately analyze" the waivers' impact on coverage levels. While acknowledging that the Medicaid statute expressly authorizes waivers "that would result in an impact on eligibility," the Court claimed CMS did not fully explain how the waivers would further the objectives of Medicaid in an appropriate balance with the eligibility impact. Specifically, CMS did not publish a revised impact analysis as the components of the waivers changed during negotiations. Although it is clear CMS reviewed these and other factors in its approvals, the Court refused to consider any evidence not specifically included in the waivers' approval letters.



## Were these cases about Medicaid work requirements specifically?

The Court's decisions were not about Medicaid work requirements specifically, but about the approved waivers as a whole. Those waivers included many other components—including premiums, changes to retroactive eligibility, and more. The Court indicated that it would not review whether specific components—such as Medicaid work requirements—would promote Medicaid's statutory objectives, but whether the entire waiver as a whole would promote those objectives. In the Kentucky case in particular, the Court relied on the waiver's premium components—not the work requirements—to find standing for the individual plaintiffs.



## Do these decisions block work requirements in other states?

The Court's decisions only vacate existing waivers in Arkansas and Kentucky. The decisions did not overturn CMS's official guidance on the issue and did not vacate any of the other seven approved Medicaid work requirement waivers. The decisions vacating Arkansas' and Kentucky's waivers were based on alleged procedural issues in their approvals, not on the underlying policy itself. CMS has continued approving Medicaid work requirements since these decisions were released.



### **Can these decisions be appealed?**

The Court's decisions on Arkansas' and Kentucky's waivers were issued by Judge James Boasberg, appointed to the federal district court for Washington, D.C. in 2011 by President Obama. These decisions can be appealed to the U.S. Court of Appeals and eventually have the potential to wind up at the U.S. Supreme Court. In April, the administration appealed these decisions.



### **Do work requirements further the objectives of the Medicaid program?**

Work requirements further many core objectives of the Medicaid program. One of Medicaid's core statutory objectives is to help low-income families and individuals attain capability for independence. CMS currently evaluates waivers on whether the proposals will "promote upward mobility, greater independence, and improved quality of life." These waivers are also reviewed to ensure long-term sustainability of the program. Work requirements have a proven track record of success in moving individuals from welfare to work, increasing incomes, providing greater independence, and creating long-term sustainability for programs intended to serve the truly needy.



### **Will CMS approve Medicaid work requirements in other states?**

Shortly after the Court issued its decisions in the Arkansas and Kentucky cases, CMS Administrator Seema Verma announced that the administration would "continue to defend" these efforts and "vigorously support" these state waivers. Shortly thereafter, CMS approved work requirements and other changes proposed by Utah.