



**So-called “study”
misses the mark on
Arkansas’ Medicaid work
requirement**

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In 2018, Arkansas became the first state to ever implement a work requirement for able-bodied adults on Medicaid.¹ In response, former officials of the Clinton and Obama administrations recently produced a “study,” funded by hospitals and pro-ObamaCare advocacy groups, that they claim assesses the “early changes in insurance coverage and employment after implementation of [Medicaid] work requirements in Arkansas.”²⁻⁶ But the methodological approach taken by the authors raises serious questions about the real goal—and validity—of the report.

The report concludes that Arkansas’ historic Medicaid work requirement has failed to increase work, has increased the uninsured rate, and has otherwise failed to deliver on its promises.⁷ But the study is riddled with sloppy methodology and a basic misunderstanding of the work requirement, rendering its findings essentially useless.

As more states look to replicate Arkansas’ unprecedented success, policymakers across the country deserve to know the truth.

The report falsely asserts that work requirements in food stamps and cash welfare have failed to increase incomes

At the outset, the authors show their bias—and general lack of understanding about work requirements—by asserting that work requirements in food stamps and cash welfare have led to “no increases in income.”⁸ Nothing could be further from the truth.

A review of actual administrative data from numerous states—including Arkansas—has found that individuals leaving welfare due to work requirements experience significant increases in wages.⁹⁻¹² In Arkansas, adults who left food stamps saw their incomes more than triple on average, more than offsetting lost welfare benefits and leaving adults better off than they were before work requirements were in place.¹³ Similar results have been found post-work requirements in the cash welfare program.¹⁴ In short, the assertion that work requirements do not increase incomes is flatly false.

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The report used a flawed survey model rather than relying on actual data

Rather than relying on actual state administrative data for their analysis, the authors conducted a telephone survey of Arkansans who self-reported their incomes to be below the income threshold for Medicaid expansion.¹⁵ They asked respondents to tell them what their incomes were a year ago, what work or work activities they were doing a year ago, and then asked the same questions for the current year to judge whether or not the level of activity had changed.¹⁶

But this is a very poor way to do research. It is limited to a small number of individuals willing to respond. It relies on a survey design that produces a significantly lower response rate than government surveys—just 15 percent for Arkansas respondents.¹⁷ It relies on respondents accurately recalling and recounting what they were doing a year ago, introducing a significant threat of recall bias. It relies on respondents accurately reporting what type of health coverage they have and what their income level is, despite an entire body of evidence illustrating the challenges and errors in survey-based measures of income and welfare program participation.¹⁸⁻²⁰ In short, this method of “research” introduces the possibility for massive human error—not because of ill-intent on the part of the respondents, but because of imperfect human memory.

A more appropriate framework would be to utilize administrative data on employment, earnings, wages, and other factors. For example, the Arkansas Department of Human Services partnered with the Arkansas Department of Workforce Services to match employment and wage records with program case files in order to track more than 25,000 able-bodied adults leaving welfare after the work requirement was implemented in food stamps.²¹ This data match provided more than two years of employment history and actual wages reported by employers, covering every single able-bodied adult affected by the policy with reported earnings.²² Crucially, it found that Arkansans who left welfare more than tripled their incomes after two years.

The report surveyed Arkansans who were not even subject to the work requirement

Not only did the report use a seriously flawed methodology, but the survey was administered to several segments of Arkansans who were not even subject to the work requirement.²³ For example, the authors did not exclude individuals from their sample who have dependent children.²⁴ This is a very relevant factor, considering that all parents were exempt from Arkansas' Medicaid work requirement. The survey also included individuals with disabilities and other adults who were eligible for traditional Medicaid, despite the fact that such individuals were never subject to the work requirement.²⁵ It seems unlikely, at best, that studying Arkansans who were not subject to the work requirement would produce legitimate findings about the impact of said work requirement.

In addition, the report included Arkansans in their sample who were above the poverty line.²⁶ This group was exempt from the work requirement in Arkansas and is also, by definition, already working, demonstrated by the fact that they have income. **Would the authors then have their readers believe it is a groundbreaking discovery that people who were already working and were not subject to the work requirement did not increase their work?**

Finally, the sample did not exclude Arkansans who qualified for other exemptions such as individuals with chronic illnesses, pregnant women, individuals receiving treatment for substance abuse, and full-time students, among other populations.²⁷ All of these sub-populations are exempt from the work requirement and therefore unlikely to provide helpful insight into the actual impact of a policy to which they were not subject.

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The survey was, at best, premature, conducted before the full effect of the work requirement could possibly be felt.



The survey was done before the work requirement was fully phased in

Arkansas methodically phased in the work requirement in batches, based on enrollees' ages and annual redetermination dates. The last group phased in during 2018 occurred in September, while a new age group began phasing in the following January. But the authors began their survey in November 2018, after one batch of enrollees had only been subject to the work requirement for two months and had not yet faced any sanctions or penalties for failing to comply, and before the new age group had been subject to the work requirement at all.

This is important because actual studies of other welfare programs have found that enrollees are more likely to go back to work *after* they leave, suggesting that the survey was, at best, premature, conducted before the full effect of the work requirement could possibly be felt.²⁸⁻³²

The report falsely assumes every respondent who left Medicaid was sanctioned for not complying with the work requirement

The report also assumes that every respondent who left Medicaid did so because they were sanctioned for not meeting the work requirement. While it is true that the Medicaid work requirement reduced enrollment—which should be viewed as a good outcome, given that fewer able-bodied Arkansans are dependent on the program and resources are being freed up for the truly needy—actual administrative data from the state of Arkansas shows that sanctioned individuals make up just a small share of the total enrollment decline.³³

In fact, just 13 percent of case closures that occurred while the work requirement was in effect were for non-compliance with the work requirement.³⁴ The rest of the decline was for other reasons, including increased incomes, moving out of state, and other changes to their circumstances.³⁵

The point is this: the report's authors assume the Medicaid enrollment decline was the result of individuals who qualified for Medicaid losing it in some unjust fashion. But actual administrative data from the state—which was all publicly available for the authors to review—shows that the overwhelming majority of case closures in Arkansas were not due to work requirement sanctions, but because individuals no longer qualified for Medicaid, or perhaps never qualified in the first place.

Surely the authors do not intend to suggest that individuals who do not qualify for Medicaid—including those who moved out of the state and those with incomes above the eligibility limit—should be allowed to keep it, taking resources that could instead go to truly needy Arkansans.

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The survey’s margin of error debunks the report’s own headline

The authors assert that the number of individuals who were uninsured significantly increased after the work requirements were adopted.³⁶ But this conclusion ignores the report’s own data caveats. Because the entire report is based on a survey, the survey’s margin of error is extremely important for interpreting any results.

According to the authors, 10.5 percent of low-income adults between the ages of 30 and 49 were uninsured in 2016, while 14.5 percent were uninsured in 2018.³⁷ But the report notes a standard error of 2.8 percentage points for the 2016 results and 2.0 percentage points for the 2018 results.³⁸ Based on these standard errors, the 2016 uninsured rate could have been as high as 13.3 percent, while the 2018 uninsured rate could have been as low as 12.5 percent.³⁹ This means that the report’s own analysis shows that the uninsured rate may have actually declined between 2016 and 2018—contradicting the authors’ headline claim.

Worse yet, the survey’s actual margin of error is likely far higher than reported. For example, the authors surveyed roughly 700 Arkansans in 2016, with only about one-third of surveyed Arkansans belonging to the relevant age group.⁴⁰⁻⁴¹ The margin of error for that group—which forms the basis for the report’s headline—could range as high as four to six percentage points.⁴² This higher margin of error would even further undermine the report’s conclusions.

Even with garbage data, the report shows employer-sponsored insurance coverage increasing in Arkansas while declining in control states

Putting all of the methodology concerns aside, the report itself shows employer-sponsored insurance (ESI) growing in Arkansas among the age group subject to the work requirement after the reform was implemented, while ESI in control states *dropped*.⁴³ The report also shows other types of insurance coverage increasing for individuals in the work requirement age group.⁴⁴ Conversely, in other age groups outside of the work requirement, ESI in Arkansas dropped by nearly two percentage points and other insurance dropped by three percentage points.⁴⁵

Again, much caution is needed before drawing actual conclusions, given the plethora of data problems with the survey. However, it is worth noting that this data contradicts the authors' own conclusions that Arkansas' work requirement has failed. Instead, it indicates that ESI was growing for those within the work requirement age group while it was declining in the control states and groups not subject to the work requirement.

Actual data from Arkansas shows the work requirement was increasing work, increasing incomes, and making the Medicaid program more sustainable for those who need it

A review of actual administrative data from Arkansas paints a much different picture than the survey.⁴⁶ Indeed, data from the state shows that more than 17,700 Arkansans left Medicaid due to increased incomes after the work requirement went into place and more than 9,200 Arkansans found new employment.⁴⁷

More data and time are needed to understand the full impact of Arkansas' work requirement, but actual data shows that the policy was starting to have a meaningful impact on Arkansans' lives for the better, which should come as no surprise, given the tremendous success of work requirements in other welfare programs.

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This data contradicts the authors' own conclusions.

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