



# 10 WAYS

## to protect state budgets, reduce dependency, and promote work

Without proactive welfare reform in the face of this economic downturn, states will suffer the consequences for years to come.

But leaders can make a difference. Policy matters.  
And good choices are out there.

### States should:

-  1. Urge Congress to eliminate federal handcuffs on Medicaid reform
-  2. Make work requirements consistent across welfare programs and statewide
-  3. Get ahead of the game on work requirements in Medicaid for able-bodied adults
-  4. Enhance welfare and unemployment program integrity
-  5. Eliminate the broad-based categorical eligibility (BBCE) loophole in food stamps
-  6. For states with a work requirement in food stamps, make it more comprehensive
-  7. Require child support cooperation in food stamps and public housing
-  8. Eliminate the abuse of “presumptive eligibility” determinations in hospitals
-  9. Biannual redeterminations of Medicaid enrollees’ eligibility
-  10. Institute lifetime limits in public housing and periodic time limits in Medicaid for able-bodied adults

## #1 Urge Congress to remove the federal handcuffs on Medicaid



States have been handcuffed by the federal government in shoring up their budgets during the COVID-19 pandemic. Although states receive an additional 6.2 percent in funding for the traditional population on Medicaid, states are prohibited from making any changes in the program, nor can they remove any ineligible individuals from Medicaid. This provision must be changed to give states a fighting chance, and Congress needs to hear from state leaders about the massive impact these handcuffs are having on Medicaid enrollment and the state budget.

## #2 Make work requirements consistent across welfare programs and statewide



Work requirements in welfare are frustratingly inconsistent in every state. A 25-year-old single mom with two kids on cash welfare is required to work 20 hours per week or engage in education or training. At the same time, a single and childless 25-year-old man receiving benefits in a state's Medicaid and housing programs has no requirement to work whatsoever and can even receive food stamps without working too if he is in a state's waived area.

First, states should stop the abuse of work requirement waivers in their food stamp programs and require all able-bodied adults ages 18-49 with no dependents in the house (ABAWD) to work, train, or volunteer at least 20 hours per week. Second, every state should do more to prioritize work in public housing programs by mandating that all public housing authorities in the state implement a work requirement.

## #3 Get ahead of the game on work requirements in Medicaid for able-bodied adults



States cannot afford to wait much longer to reform Medicaid to get people back to work. At least 18 states have requested some form of work requirement through an 1115 waiver request, with eight already approved. Prior to a court pausing the requirement in Arkansas, the results of that state's work requirement in Medicaid were promising. Nearly 138,000 people left the program, 87 percent of whom left with increased incomes or for reasons other than failure to comply with the requirement.

## #4 Enhance welfare and unemployment program integrity



Huge amounts of wasteful and fraudulent payments can be prevented by requiring state welfare programs to implement automatic and regular data cross-checks with available government data on household income and wage records, death records, incarceration records, DMV data, lottery winnings, and out-of-state EBT card spending. States should also require the submission of the following waivers for Medicaid:

- ▶ **End automatic renewals and pre-populated forms:** Current regulations require states to proactively renew eligibility for able-bodied adults on Medicaid. Some renewal forms are even required to be pre-populated on behalf of enrollees. This facilitates fraud by making it easy to commit and difficult to detect. States should ask to waive these requirements.
- ▶ **Implement fraud lock-outs:** Currently, Medicaid recipients who fail to report changes in their income or other household changes in a timely manner have limited or no penalties and likely will not even be disenrolled when the failure to report is discovered. States should follow Kentucky's lead and implement fraud lock-outs so that anyone who commits fraud by failing to report changes that could make them ineligible is removed from the program, at least for a period of time.

## #5 Eliminate the broad-based categorical eligibility (BBCE) loophole in food stamps



The broad-based categorical eligibility (BBCE) loophole in food stamps leave states vulnerable to widespread waste and fraud. The loophole drives up food stamp enrollment by classifying individuals who receive even a nominal “benefit” from a state’s cash welfare program as categorically eligible for food stamps, exempting them from thorough eligibility checks like bank account verification. States should close the BBCE loophole and ensure that food stamps only go to individuals eligible to receive them under federal guidelines.

## #6 For states with a work requirement in food stamps, make it more comprehensive



Some states already have statewide work requirements in food stamps. But in the present crisis, bold leaders can do even more. These work requirements only apply to able-bodied adults ages 18-49 with no dependents in the house (ABAWD). But states can and should expand their work requirements to able-bodied parents and to adults who are ages 50 to 59 and able-bodied.

## #7 Require child support cooperation in food stamps and public housing



In the majority of states, single-parents on food stamps are not required to even cooperate with child support enforcement efforts (like helping to establish paternity) that could lead to support that lifts these families out of poverty and dependence. No state applies this rule to public housing beneficiaries.

Yet, every state operates this exact requirement in its cash welfare program. States should follow the lead of Florida, Michigan, Wisconsin and Mississippi, which are benefiting from this requirement in food stamps. Child support collections increase by almost 40 percent in states that have this requirement, leading to reductions in childhood poverty and food stamp enrollment.

## #8 Eliminate the abuse of “presumptive eligibility” determinations in hospitals



Right now, if an individual goes into a hospital and answers a few questions about income, hospitals can deem the individual presumptively eligible for Medicaid and states are on the hook to pay for that person’s treatment. States should protect taxpayers and the vulnerable by returning to the regulatory structure that was in place before 2014 and limit presumptive eligibility to children and pregnant women.

## #9 Biannual redeterminations of Medicaid enrollees’ eligibility



Improper payments are primarily driven by eligibility errors, in part because an Obama-era regulation restricts states from redetermining Medicaid eligibility more often than once every 12 months. Waiting an entire year to review the status of an individual, while relying on the honor system to receive reported changes, leaves the program wide open to fraud. States should follow other states and apply for a waiver of this regulation so the state can implement redeterminations every six months, at least for able-bodied adults.

## #10 Institute lifetime limits for able-bodied adults in public housing and periodic time limits in Medicaid



Across America, lifetime limits have been effective in every state's cash welfare program. That program limits how long certain able-bodied adult populations may stay enrolled in the program, leading to more employment, higher wages, and less dependency. Yet, in public housing, waiting lists leave many truly needy individuals out of luck even as able-bodied adults receive benefits for years. States should require public housing authorities to implement a statewide, lifetime benefit limit of three years for able-bodied adults

And states should take a similar approach in their Medicaid programs for able-bodied, working-age adults. To do so, states should apply for a waiver from regulations which currently prevent the imposition of a periodic time limit of 24 consecutive months for able-bodied adults ages 18 to 64. By limiting the time limit to able-bodied adults, states can focus more resources on seniors and individuals with disabilities and decrease enrollment as more able-bodied adults get into jobs with private coverage.

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