

# LOSING COVERAGE:

STATE MEDICAID WORK REPORTING REQUIREMENTS

STRIPPED 18,000 ARKANSANS OF HEALTH INSURANCE IN 2018



MARCH 2019





March 2019

Arkansas Advocates for Children and Families

Main Office:

Union Station

1400 W. Markham St., Suite 306

Little Rock, AR 72201

(501) 371-9678

Northwest Arkansas Office:

614 E. Emma Avenue, Suite 235

Springdale, AR 72764

(479) 927-9800

# LOSING COVERAGE: STATE MEDICAID WORK REPORTING REQUIREMENTS STRIPPED 18,000 ARKANSANS OF HEALTH INSURANCE IN 2018

by Loretta Alexander, Health Policy Director

In 2013, Arkansas pioneered the use of federal Medicaid expansion funds to create a “private option” under the Affordable Care Act. Nearly 300,000 Arkansans gained health insurance over the next five years. The state was touted as an example to be followed for helping its citizens have greater access to affordable health care.

Now Arkansas stands out as the first, and currently only, state in the nation to require adults receiving Medicaid benefits to report work or work-related activities in order to keep their health care coverage. The stated intention of this policy is to encourage Arkansas Works participants to enter the workforce. The implementation of the policy, however, resulted in more than 18,000 Arkansans losing their health insurance in the last few months of 2018.<sup>1</sup> In contrast, only around 4,000 Arkansas Works enrollees have gone from not working to working.

In March 2018, Arkansas received permission from the U.S. Department of Health and Human Services Centers for Medicaid and Medicare Services, under a Section 1115 waiver, to require certain individuals aged 19-49 to report work-related activity as a condition of coverage. Beginning June 1, 2018, adults aged 30-49 were required to report 80 hours of work-related activities per month. As of January 1, 2019, enrollees aged 19-29 are subject to the work reporting requirements.<sup>2</sup> (See the appendix for further details on the policy.)

Arkansas Advocates for Children and Families published “An Early Look at the Impact: New Medicaid Work Requirement Hurts Health Coverage in Arkansas” in October 2018. The following is the second brief in the series, and it examines the results of those first seven months of the policy’s implementation. We look at which beneficiaries lost coverage, the barriers to meeting the requirements, and the impact of failing to report. Finally, we will consider the future of Arkansas Works based on ongoing program implementation activities and legal developments.

Just **two months** into 2019,  
more than **13,000** Arkansas Works enrollees  
did not meet the work reporting requirement.

On **April 1**, thousands more Arkansans will  
lose their health coverage and be **locked out**  
of the program until January 2020.

## WHO IS REQUIRED TO WORK?

Within the Section 1115 waiver for Arkansas Works, there are two layers of requirements, each with its own set of exemptions. First is the requirement to complete 80 hours of work activities a month, with exemptions for those living in a household with dependent children, those receiving unemployment benefits, over age 50, those receiving SNAP benefits, those in school or vocational training full-time, those in a substance abuse treatment program, those who are incapacitated and those caring for an incapacitated person. Other exemptions include pregnancy, medically frail health status, being American Indian/Alaska Native and “good cause.” In January, 105,158 Arkansas Works enrollees were required to work, while the remaining 129,242 were not required to work, because they met one of these exemptions.

## WHO IS REQUIRED TO REPORT?

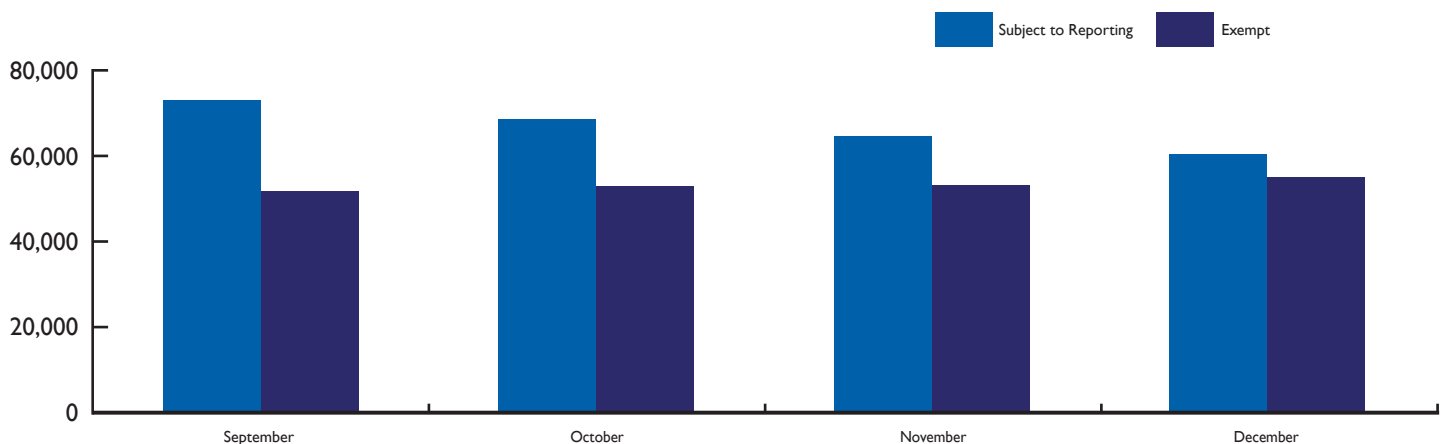
The next requirement is reporting either having met the 80 hours of required work activities *or* reporting an exemption. Arkansas Works enrollees receiving unemployment benefits or who are in school or vocational training full-time are required to report their exemption every six months. Those who are in a drug or alcohol treatment program, are incapacitated or are caring for an incapacitated person are required to report their exemption every two months. Those who already meet the work requirements for the Supplemental Nutrition

Assistance Program or the Transitional Employment Assistance program and enrollees who live in a household with dependent children under age 19 are exempt from reporting altogether.

Arkansas Department of Human Services reports consistently show that from 71 percent to over 90 percent of the individuals subject to the work reporting requirement are exempt from the work activities requirement. Of the 73,266 required to report work or an exemption in September, 52,714 were exempt from working (71 percent). By December, the report shows that of the 60,680 who were subject to the reporting requirement, 55,904 were exempt from working (92 percent).<sup>3</sup>

This means that the vast majority of people enrolled in Arkansas Works who are required to report, either monthly, every two months or every six months, are, in fact, exempt from meeting the *work requirement*. However, if they fail to meet the *reporting requirement* for three consecutive months, they can lose their health care benefits until the next calendar year. This is an important distinction that highlights the negative consequences of this policy: Individuals who aren't required to work to begin with are losing their coverage because they failed to report, or to report adequately.

## MOST ENROLLEES SUBJECT TO THE REPORTING REQUIREMENT ARE EXEMPT FROM THE WORK REQUIREMENT



Source: Arkansas Works Program. State Data from the Arkansas Department of Human Services. Release dates, October 15, 2018; November 15, 2018; December 17, 2018; and January 15, 2019.

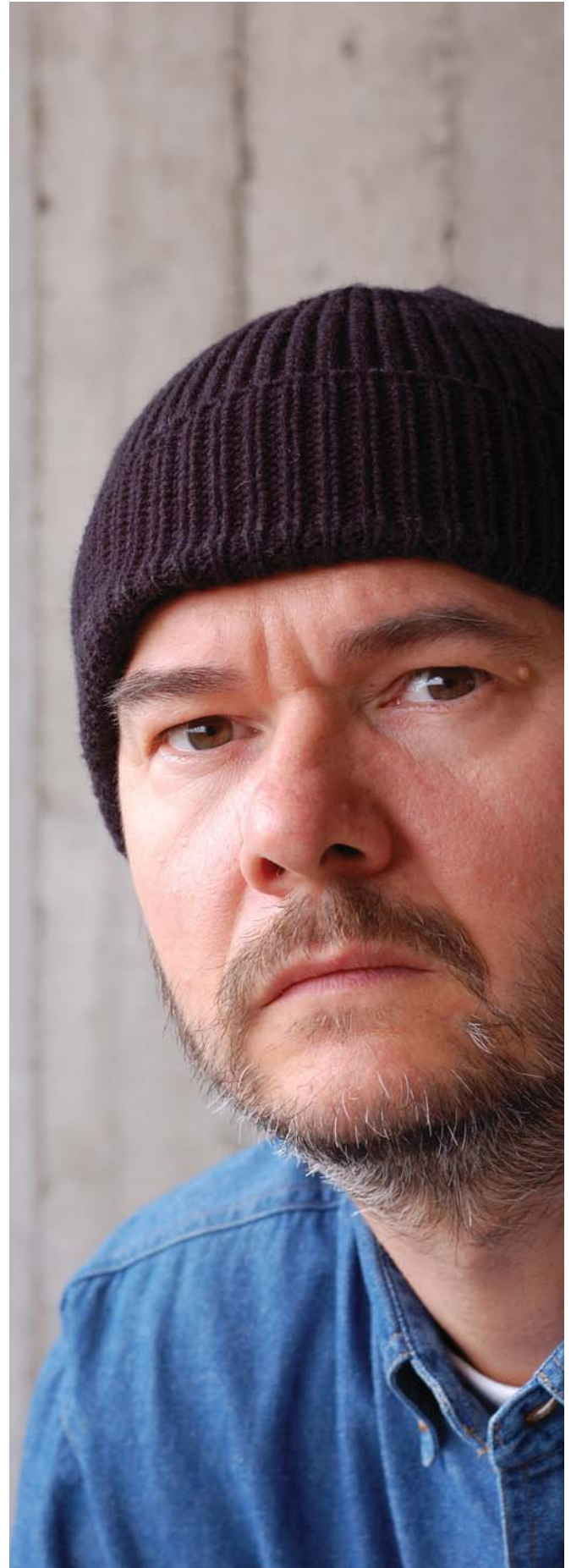
## WHO LOST COVERAGE?

From September through December 2018, the work reporting requirements caused 18,164 Arkansas Works Medicaid beneficiaries, all of whom have annual incomes of \$16,753 or less, to lose their coverage based on the reasons reported by DHS below:<sup>4</sup>

- Not having enough activity to report for that month
- Reporting no work activity
- Denials for good cause requests

The DHS monthly reports show that almost all of the people who did not meet the requirement reported no work activity.

Month	Requirements Not Met	No Activity Reported
June	7,464	7,362
July	12,722	12,587
August	16,357	16,132
September	16,757	16,535
October	12,128	11,966
November	8,426	8,308
December	4,776	4,703

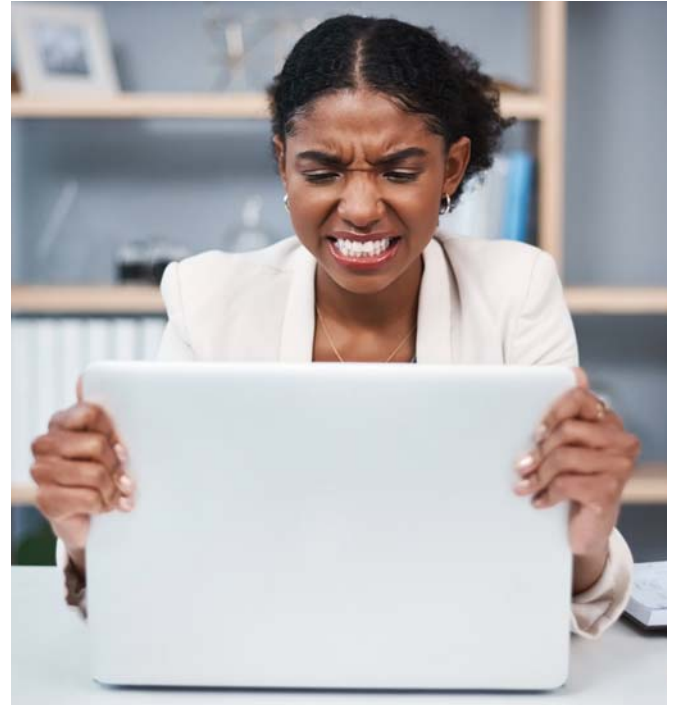


## BARRIERS TO REPORTING

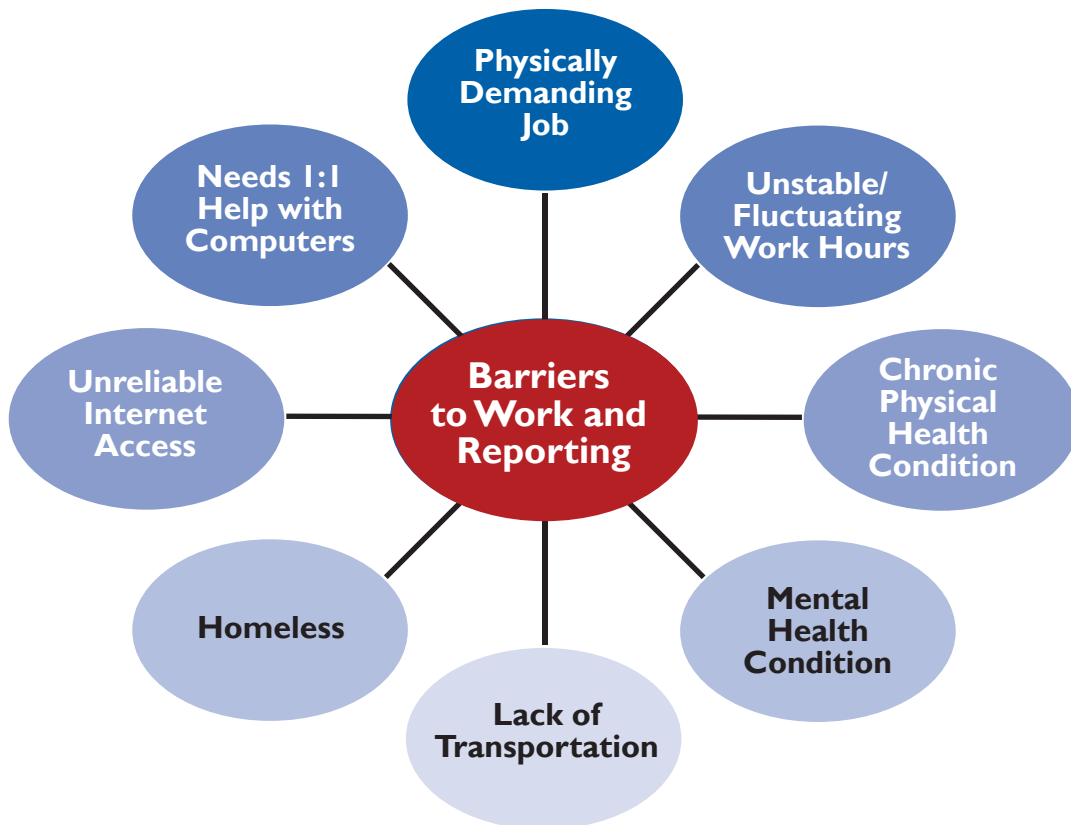
Why did so many people fail to report any work activity at all?

Many Arkansas Works enrollees were completely unaware of the requirements, confused as to whether the requirements applied to them, or unsure how to go about meeting the requirement.

A report by Kaiser Family Foundation,<sup>5</sup> as shown in the graphic below, provides information from the actual experiences of Medicaid beneficiaries who have been subject to the work reporting requirement and barriers they face in meeting it. Many of the problems encountered by the individuals interviewed in four separate focus groups are beyond their control. People living in rural areas may have transportation issues, limited internet access, further distances to DHS and Workforce Offices, and unreliable cell phone signals.



### ARKANSAS WORKS ENROLLEES FACE MULTIPLE BARRIERS TO WORK AND MONTHLY REPORTING



Arkansas Works beneficiaries were required to report their work-related activities via computer even though many areas across Arkansas have limited broadband access, particularly in rural parts of the state. According to a December 27, 2018, report by the *Arkansas Democrat-Gazette*, Arkansas was second-to-last in providing broadband Internet to households in 2017.<sup>6</sup>

The barriers stated above are borne out by beneficiaries in numerous well-documented reports. Benjamin Hardy, a reporter with the *Arkansas Times*, has written extensively on the Arkansas Works reporting requirement. Common themes throughout his reporting are issues with difficulty getting online, communication between the state and Arkansas Works enrollees, lack of in-person assistance at DHS offices, lack of broadband access, no computer access, and transportation problems.

## BARRIERS TO WORKING

Job training and job-seeking activities are administered by the Arkansas Department of Workforce Services (ADWS), which requires Arkansas Works beneficiaries to coordinate their reporting activity between DHS and local ADWS offices and training sites. In some instances, this requirement created a hardship on the Medicaid beneficiaries if they lacked transportation to get to the Workforce offices. Workforce offices are not as numerous or conveniently located as other state service agencies are. There are only 33 ADWS offices, plus a small number of mobile units, that are responsible for covering 75 counties.

Additionally, employment opportunities are not the same throughout Arkansas. The November 2018 ADWS Unemployment Report Rankings of Arkansas Counties<sup>7</sup> shows that almost half of Arkansas's 75 counties have an unemployment rate ranging from 3.7 to 5.9 percent.

Further, being well is key to maintaining steady employment. **While the policy's assumption appears to be that people should work so they can have health care, what's closer to reality is that people need health care so they can be healthy enough to work.** The Kaiser Family Foundation report found that some Arkansas Works enrollees who lost their health coverage for failing to meet the reporting requirements ultimately lost their jobs because they could no longer manage a chronic health condition without access to health care.





## IMPACT ON ARKANSANS

For the 18,164 people who lost their coverage between September and December, Arkansas DHS rules did not allow them to re-enroll to get their coverage back until the next year. For some, this led to months without coverage. On December 31, 2018, DHS closed all Arkansas Works cases subject to the work reporting requirement, and those covered by the waiver must re-enroll in order to be covered in 2019. The January DHS report shows only 1,452 individuals who lost coverage in 2018 have regained coverage in 2019, leaving 16,712 still without coverage under Arkansas Works.

According to eligibility requirements, Arkansas Works beneficiaries whose coverage has been terminated due to work reporting requirements may apply for and receive coverage in other Medicaid categories if eligible during the lockout period. However, there is no data in the state monthly reports as to whether any of those persons who have had their Arkansas Works coverage terminated have reapplied to other Medicaid categories.

## FUTURE DEVELOPMENTS

The work reporting requirement has been challenged in a lawsuit by Legal Aid of Arkansas, filed against the U.S. Secretary of Health and Human Services. The suit argues that instead of simplifying the Medicaid system for individuals, the Secretary's approval to disregard the Affordable Care Act requirements, for the primary purpose of making things simpler and cheaper for Arkansas, results in harm to those who rely on Arkansas Works for health coverage. If the ruling on this legal challenge to work requirements favors the state, we predict many more adults will lose valuable Medicaid coverage.



In November, the Medicaid and CHIP Payment and Access Commission, a federal advisory panel, wrote a letter to Medicaid officials in the Trump administration calling for a “pause in disenrollments” in Arkansas. The fact that so few people were reporting work hours suggested the policy “may not be structured in a way that provides individuals an opportunity to succeed, with high stakes for beneficiaries who fail,” Commission Chair Penny Thompson wrote.<sup>8</sup>

The work reporting requirements do not improve the work status of Arkansas Works Medicaid beneficiaries. A brief from the Center on Budget Policy and Priorities explains why work requirement policies can’t be fixed for several reasons. First, any work requirement will have the unintended consequence of taking coverage away from people who are already working or should be exempt due to illness, disability or other factors. That’s because rules for reporting and claiming exemptions increase paperwork and red tape, which cause eligible people to lose coverage and become uninsured. Efforts to inform beneficiaries of the complex compliance requirements and the processes for reporting and claiming exemptions are certain to fall short, leaving people without the information and help they need to comply. In addition, working Medicaid beneficiaries often have low-wage jobs with volatile hours and little flexibility, so they may not be able to work a set number of hours each month — meaning that even people strongly attached to the labor force will lose coverage.<sup>9</sup>

Arkansas is a rural state with high levels of poverty and poor health. Access to affordable health care is a cornerstone of the wellness of any population. According to a report from the Georgetown University Center for Children and Families, the uninsured rate for low-income adults in rural Arkansas counties fell from 45 percent to 22 percent by 2015, after the implementation of Medicaid expansion under the Affordable Care Act.<sup>10</sup> Now, we’re losing the gains we made through continuous disenrollment of adults from the Arkansas Works Medicaid program.



## ENDNOTES

- 1 <https://www.arktimes.com/ArkansasBlog/archives/2019/01/15/over-18000-lost-coverage-in-2018-due-to-medicaid-work-rule-but-only-fraction-have-reapplied>.
- 2 <https://www.medicaid.gov/Medicaid-CHIP-Program-Information/By-Topics/Waivers/1115/downloads/ar/ar-works-ca.pdf>
- 3 Arkansas Works Program. State Data from the Arkansas Department of Human Services. Release dates, October 15, 2018; November 15, 2018; December 17, 2018; and January 15, 2109
- 4 Arkansas Works Program. State Data from the Arkansas Department of Human Services. Release dates, October 15, 2018; November 15, 2018; December 17, 2018; and January 15, 2109
- 5 Musumeci, MaryBeth, Rudowitz, Robin, and Lyons, Barbara. Medicaid Work Requirements in Arkansas: Experience and Perspectives of Enrollees. December 2018. <https://www.kff.org/medicaid/issue-brief/medicaid-work-requirements-in-arkansas-experience-and-perspectives-of-enrollees/>
- 6 <http://digital.olivesoftware.com/Olive/ODN/ArDemocrat/PrintArticle>
- 7 <http://www.discover.arkansas.gov/Employment/unemployment-Rate-Rankings-by-Arkansas-County>
- 8 <https://www.arktimes.com/ArkansasBlog/archives/2018/11/08/push-pause-on-arkansass-medicaid-work-requirement-federal-oversight-panel-says>
- 9 Solomon, Judith. Medicaid Work Requirements Can't Be Fixed Unintended Consequences are Inevitable Result. January 2019. Retrieved from: <https://www.cbpp.org/research/health/medicaid-work-requirements-cant-be-fixed>
- 10 Hoadley, Jack, Alker, Joan, and Holmes, Mark. Health Insurance Coverage in Small Towns and Rural America: The Role of Medicaid Expansion [https://ccf.georgetown.edu/wp-content/uploads/2018/09/FINALHealthInsuranceCoverage\\_Rural\\_2018.pdf](https://ccf.georgetown.edu/wp-content/uploads/2018/09/FINALHealthInsuranceCoverage_Rural_2018.pdf)

## APPENDIX

### WORK REPORTING REQUIREMENTS

Beginning June 1, 2018, Arkansas Works beneficiaries were subject to lose their coverage if they failed to report work-related activities for a three-month period. Although the group of adults aged 19-29 became subject to the work reporting requirement on January 1, 2019, only those aged 30-49 years were required to report in the first phase of the policy's implementation.

#### **Key work reporting requirements:**

- 80 Hours of work activities per month
- Reporting deadline is the 5th of each month
- Exemptions exist for those unable to work, but required to report

#### **80 hours of work reporting activities reported monthly include:**

- Job search activities
- Attending qualified health education classes
- Any full-time or part-time work
- Part-time school or vocational training
- Volunteer work

Arkansas Advocates for Children and Families  
1400 West Markham, Suite 306  
Little Rock, AR 72201  
(501) 371-9678

Northwest Arkansas Office  
614 East Emma Avenue, Suite 235  
Springdale, AR 72764  
(479) 927-9800

**LEARN MORE AT [WWW.ARADVOCATES.ORG](http://WWW.ARADVOCATES.ORG)**



[facebook.com/aradvocates](https://facebook.com/aradvocates)



[twitter.com/aacf](https://twitter.com/aacf)



[@aradvocates](https://instagram.com/@aradvocates)