

AN EARLY LOOK AT THE IMPACT

NEW MEDICAID WORK REQUIREMENT HURTS HEALTH COVERAGE IN ARKANSAS



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AN EARLY LOOK AT THE IMPACT NEW MEDICAID WORK REQUIREMENT HURTS HEALTH COVERAGE IN ARKANSAS

by Marquita Little, Former Health Policy Director

In June 2018, Arkansas became the first state in the nation to implement a work requirement in the Medicaid expansion program, known as Arkansas Works. Although three other states have received federal approval to make work reporting a condition of Medicaid eligibility, Arkansas's policy is the first to take effect.¹ While some state leaders have touted this new policy as a tool to keep Arkansans working, early results show that the policy has resulted in few people getting new jobs and many people losing health coverage. In the first of a series of reports on the work requirement, we take a closer look at the policy and its impact on the health care system in Arkansas after the first quarter of implementation.



OVERVIEW OF THE WORK REPORTING REQUIREMENT POLICY

The purpose of the Medicaid program has long been to provide coverage for low-income populations. There has always been great flexibility for states to design their own Medicaid programs as long as the core purpose of the program was still achieved. Recently, the federal government has begun to allow unprecedented flexibility in the eligibility requirements for Medicaid, which threatens much of the progress in states over the years to improve health coverage rates. In January 2018, states were informed that they could request permission to implement work requirements.² Arkansas joined several other states in submitting a request to the federal government, called an 1115 waiver, and became the third state to receive approval in just a few months.

The Arkansas work requirement policy is being phased in over time. It requires enrollees to complete 80 hours of work or a qualifying work activity each month. In 2018, enrollees between 30 and 49 years old are required to meet the work reporting requirement. Several thousand enrollees are added to the work requirements program each month and notified that they must begin reporting. The following year, enrollees between 19 and 29 will be subject to the policy. Enrollees age 50 or older will not be required to meet this new policy.

Early results show that few people got new jobs while many lost health coverage.

QUALIFYING WORK ACTIVITIES

These activities count toward the 80 hour-per-month work requirement:

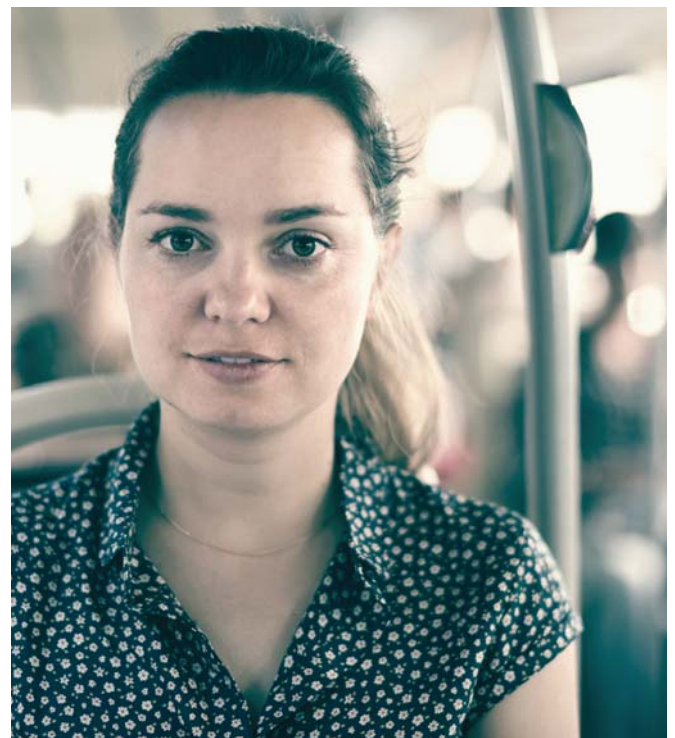


Source: Arkansas Department of Human Services

Some enrollees in the Arkansas Works program are exempt from the work requirement, which means they do not have to prove that they are working. Some of these exemptions may be automatic, while others may have to be reported through the state's online portal. The exemptions are as follows:³

- Receive Transitional Employment Assistance (TEA) cash assistance
- Receive unemployment benefits
- Work at least 80 hours per month, making at least Arkansas's minimum wage (\$680 a month before taxes)
- Have a disability or need help with daily activities (medically frail)
- Have a child who is age 18 or younger living in the home
- Are pregnant or were pregnant in the last 60 days
- Take care of a person who cannot care for him/herself
- Have short-term disability and cannot work
- Are enrolled in a drug- or alcohol-treatment program
- Go to school, vocational training or full-time job training
- Have a "good cause" for being unable to complete 80 hours of work or work-related activities because of an emergency or life-changing event

Even though this Medicaid policy was designed to closely align with existing Supplemental Nutrition Assistance Program (SNAP) work requirements, there are several unique aspects to the policy that make it even more administratively complex for families. In addition to understanding whether an exemption is automatic or must be reported, enrollees must know how often to report their exemption. This timeframe is different depending on the type of exemption. For example, full-time students must report their exemption every six months. If an enrollee has a short-term disability, they must report it every two months. If an enrollee wants to request the good cause exemption, they must submit it to the Department of Human Services by email.⁴ Anyone who does not meet the work reporting requirement for three months will be dropped from coverage for the rest of the calendar year.

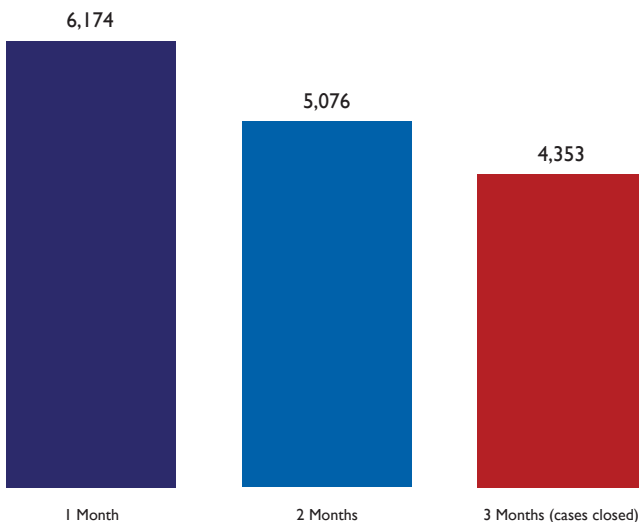


IMPACT OF THE WORK REQUIREMENT POLICY

Each month the state releases a data report that tracks the impact of the work reporting policy. This brief includes a look at data from the August 2018 report because it was the first full quarter of implementation of the policy. Of the 60,000 people required to report at that point, the great majority (67 percent) were automatically exempt.⁵ The remaining enrollees were required to take action by using the online portal to report involvement in work, training or other activities.

4,353
When the first major deadline hit, almost 4,400 people lost coverage.

NUMBER OF ENROLLEES WHO DID NOT MEET WORK AND REPORTING REQUIREMENTS AS OF SEPTEMBER 9, 2018



Source: Arkansas Works Program, State Data from the Arkansas Department of Human Services as of September 9, 2018. Released September 12, 2018.

When the first major deadline hit at the end of August, almost 4,400 people lost coverage due to not meeting the work reporting requirement for three months. These individuals — 20 percent of the people who were required to report through the online portal — will not have a chance to re-enroll in coverage until January 2019, even if they come into compliance before then. Also, over the course of this three-month period between June and September, a total of more than 15,600 did not meet the reporting requirement as shown in the chart. During this period, the state reported that more than 1,200 people satisfied the work requirement (either by working or completing work activities for 80 hours each month). However, it is important to note that about 800 of these people in this group were meeting the existing SNAP work requirement, so it appears that a very small portion of enrollees have connected to work opportunities because of this Medicaid work reporting policy.

According to the Center on Budget and Policy Priorities, Medicaid work requirements will result in many low-income adults losing health coverage, including people who cannot work because of a mental illness, substance use disorders, or other chronic health conditions.⁶ This is because work requirements policies create bureaucratic red tape that makes it difficult for people to report that they are working or meeting an exemption. Early data from Arkansas shows that these bureaucratic hurdles have led to coverage losses as predicted.



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There are several known issues with the online system enrollees in Arkansas must use to report compliance with the work requirement. The system can only be accessed between 7 a.m. and 9 p.m. Enrollees have also had problems logging into the system. On the night before the final reporting deadline in September, so many people were experiencing sporadic problems with the system, the state eventually decided to extend the reporting deadline and allow enrollees to request an exemption for that month due to system issues.⁷

Anecdotal accounts from consumers also suggest many people are still unaware of the new work requirements policy. The state government and health insurers have reported using multiple approaches for outreach, including sending letters, calling enrollees and producing

informational videos. A report from the Kaiser Family Foundation stated that calls are only required for 30–40 percent of existing and new enrollees.⁸ Also, the letters are difficult to understand for many enrollees, and outreach videos are only accessible with internet access. One researcher conducted in-depth interviews in northeast Arkansas about the work requirement.⁹ According to these interviews, the researcher reported that a significant number of enrollees were not aware of the policy. Even though many of the people interviewed generally supported the notion of people working when able, they also talked about their concerns with online reporting and other complex life circumstances that might put them at risk of losing their coverage.



MOVING FORWARD

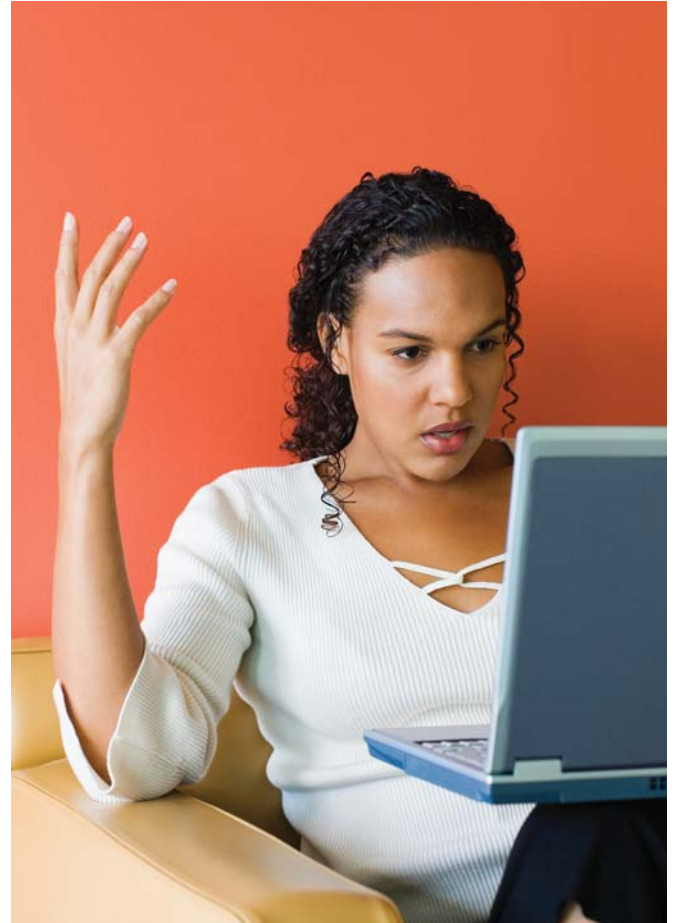
In the future, more data should be collected on enrollees' knowledge of the policy and the barriers that make it difficult for them to meet the requirement. This information will allow the state to improve outreach strategies and provide the right type of assistance to people who experience difficulties navigating this complex policy. It will also be important to examine the overall impact on coverage rates in the state. One important tool for providing data on these factors is the mandatory evaluation for every state with an 1115 demonstration waiver. Typically, a detailed evaluation plan must be submitted within 120 days of a state's waiver receiving federal approval. Based on this standard, Arkansas's plan was due at the end of July. To-date, a federally approved evaluation plan has not been released. Also, the state will need to solicit and hire a contractor to conduct the evaluation, which is a process that typically takes a few months.

The future of the work and work activities reporting policy is uncertain in Arkansas. A lawsuit was filed in August 2018 challenging the policy. While the outcome of this legal challenge is unclear, a similar Medicaid work requirement proposal in Kentucky was struck down in federal courts. Even if the legal challenge were successful, it could spark a political fight in Arkansas among lawmakers who would have to decide whether to continue the Medicaid Expansion program. Many conservative lawmakers only voted to continue the coverage program for low-income adults because of this more restrictive eligibility policy. To date, Governor Asa Hutchinson has generally been supportive of keeping the program.

More data should be collected on the barriers that make it difficult for people to meet the requirement.

Since the work reporting policy is currently law, at a minimum the state should make additional investments into outreach, like using the postal service's National Change of Address system to verify enrollee addresses and improve the chances they will receive a notice. The state should also ensure county office staff throughout the state are absolutely trained and available to assist enrollees, since many enrollees need one-on-one assistance to understand the work reporting policy and to use the online portal.

This early data from the state and consumer experiences suggests that the number of people losing coverage will continue to grow as the phase-in of the work requirement moves forward. To ensure enrollees have access to the coverage they need to be healthy enough to work, the state should consider eliminating the work reporting requirement entirely or at least halting further roll-out of the policy until barriers to meeting the requirement can be addressed. It should also delay the policy until the required evaluation plan has been rolled out. Otherwise this policy will continue to threaten the progress we've made to improve access to coverage and care for every Arkansan.

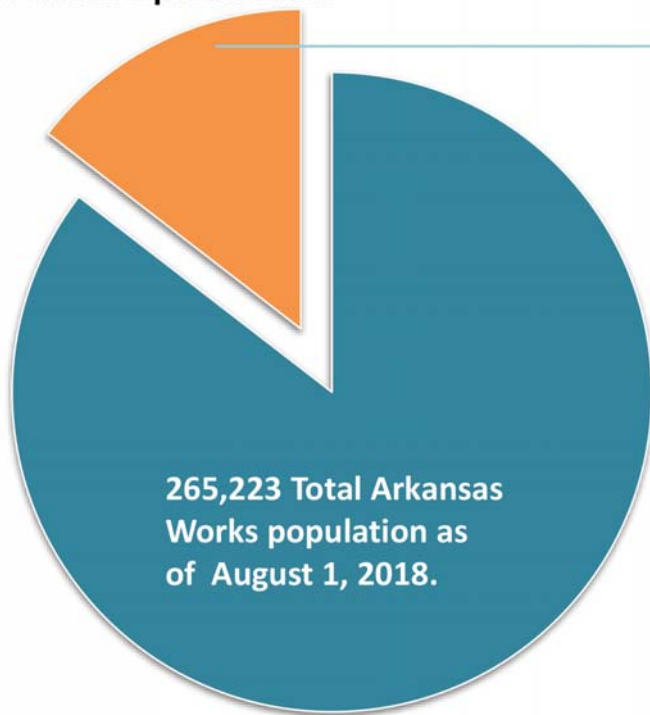




Arkansas Works Program

As of July 8, DHS data showed just over 62,000 Arkansas Works enrollees were subject to the work requirement in August. Most are already meeting the requirement through work, school, or other life situations that made them exempt from reporting. Numbers below are a point-in-time snapshot of the requirement and some fluctuate daily.

62,635* Originally estimated to be subject to work requirement in August



Between July 8 and Sept. 9, 2018, 2,623 fewer people became subject to the requirement due to case closures unrelated to compliance or a change in circumstances. That left 60,012 subject to the requirement in August.

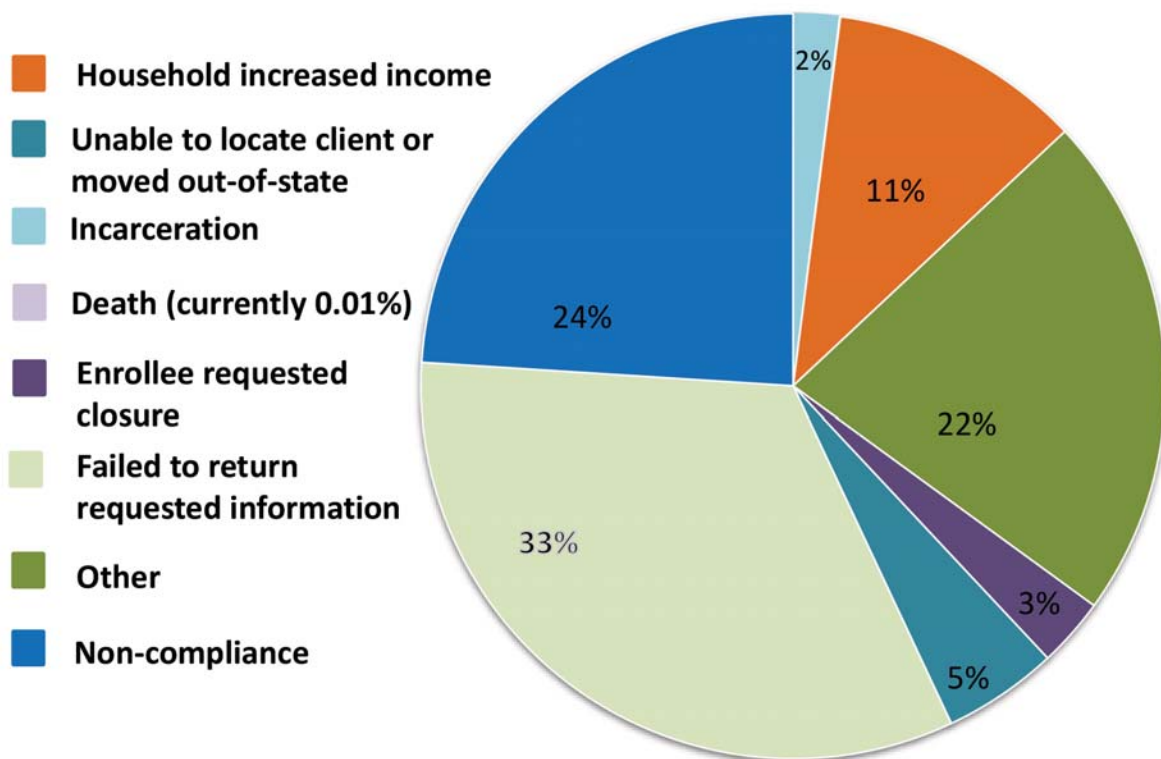


One month non-compliance	Two months non-compliance	Three months non-compliance (closed)
6,174**	5,076**	4,353

** due to closures unrelated to compliance & as of Sept. 9, 2018

*Enrollees ages 30-49 are being phased into the requirement from June through September 2018. Those 19-29 will roll in starting January 2019.

Every Medicaid program has what is known as “churn,” cases that close for various reasons. It is not uncommon for those individuals to take action and come back on a program after receiving a closure notice. The total number of Arkansas Works cases closed in August was 18,057. Of those, only 4,353 closed due to non-compliance with the work requirement. Below the closures are broken down by type.



Top four reasons people were exempt from reporting in August

Employed at least 80 hours a month **19,391**

Medically frail/disabled **6,273**

Already meeting SNAP requirement through work or exemption **7,776**

At least one dependent child in the home **5,717**



ENDNOTES

- 1 Rudowitz, Robin and Musumeci, MaryBeth. An Early Look at State Data for Medicaid Work Requirements in Arkansas. September 2018. Kaiser Family Foundation: Retrieved from: <http://files.kff.org/attachment/ssue-Brief-An-Early-Look-at-State-Data-for-Medicaid-Work-Requirements-in-Arkansas>.
- 2 Centers for Medicaid & Medicaid Services. January 11, 2018. RE: Opportunities to Promote Work and Community Engagement Among Medicaid Beneficiaries. Retrieved from: <https://www.medicaid.gov/federal-policy-guidance/downloads/smd18002.pdf>
- 3 Wasson, Anne. April 20, 2018. Arkansas Works: What You Need to Know. Arkansas Foundation for Medical Care. Retrieved from: <https://afmc.org/afmc-healthspot/arkansas-works-what-you-need-to-know/>.
- 4 Requests for a good cause exemption may be submitted via email to AWgoodcauserequest.gov.
- 5 Arkansas Advocates for Children and Families. September 2018. Thousands of Arkansans Dropped from Coverage: Latest Report on the Impact of the Work Reporting Requirement. Retrieved from: <http://www.aradvocates.org/thousands-of-arkansans-dropped-from-coverage-latest-report-on-the-impact-of-the-work-reporting-requirement/>.
- 6 Hanna, K., Wagner, J., and Aron-Dine, A. Taking Medicaid Coverage Away from People Not Meeting Work Requirements Will Reduce Low-Income Families' Access to Care and Worsen Health Outcomes. August 2018. Center on Budget and Policy Priorities. Retrieved from: <https://www.cbpp.org/research/health/medicaid-work-requirements-will-reduce-low-income-families-access-to-care-and-worsen>.
- 7 Brantley, Max. Losing your insurance? No prob. Grab your iPhone and text DHS. September 2018. Arkansas Times. Retrieved from: <https://www.arktimes.com/ArkansasBlog/archives/2018/09/05/losing-your-insurance-no-prob-grab-your-iphone-and-text-dhs>.
- 8 Rudowitz, Robin and Musumeci, MaryBeth. An Early Look at State Data for Medicaid Work Requirements in Arkansas. September 2018. Kaiser Family Foundation: Retrieved from: <http://files.kff.org/attachment/ssue-Brief-An-Early-Look-at-State-Data-for-Medicaid-Work-Requirements-in-Arkansas>.
- 9 Greene, Jessica. September 2018. Medicaid Recipients' Early Experience with the Arkansas Medicaid Work Requirement. Health Affairs. Retrieved from: <https://www.healthaffairs.org/doi/10.1377/hblog20180904.979085/full/>.



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