Modern Healthcare

Medicaid work requirements could boost lifetime earnings, study claims

By Harris Meyer

A conservative study group has projected that establishing a work requirement for Medicaid eligibility could significantly boost lifetime earnings for enrollees.

The Columbus, Ohio-based Buckeye Institute reported Monday that implementing a work requirement, as Ohio and other states have proposed, could increase lifetime earnings by nearly $1 million for non-disabled people who leave Medicaid. It could boost earnings by more than $200,000 for women who stay on the program, and by more than $300,000 for men who remain.

The group argued that expanding Medicaid to low-income adults under the Affordable Care Act has had the unintended consequence of causing healthy, single adults to leave the labor force or reduce their work hours to keep or qualify for Medicaid benefits. It said requiring labor force participation would give them a strong incentive to change their work effort.

"Our research shows that work and community engagement requirements can lead to better job opportunities with better quality private insurance, higher earnings and provide incentives to work towards economic prosperity," said Rea Hederman, one of the report's co-authors, in a written statement.

But the report runs counter to what many researchers say is a lack of evidence that so-called community engagement requirements in public benefit programs have increased employment, health or the overall well-being of beneficiaries.

One major challenge is that low-income adults often have a hard time finding jobs with decent pay and health benefits, and may lack transportation to get to available jobs. Plus, experts say pushing people off Medicaid for not meeting work or reporting requirements hurts their ability to find and keep a

job by depriving them of needed medical and dental care.

Research shows that all but a small percentage of non-disabled Medicaid enrollees **already are employed**, in school or taking care of children or disabled family members.

"This report is a thinly veiled attempt to come up with unsupported policy arguments for depriving people of the benefits of expanded Medicaid," said Sara Rosenbaum, a health law professor at George Washington University who formerly chaired the Medicaid and CHIP Payment and Access Commission. "Other welfare studies show no long-term gains in employment income or job-based health coverage."

The CMS approved work requirement waivers in five states, and more than a dozen other states have requested or are considering similar waiver programs. A federal judge blocked Kentucky's Section 1115 waiver and is overseeing a similar challenge to Arkansas' program, which already has resulted in **more than 12,000 expansion enrollees losing Medicaid coverage**.

These states want to require beneficiaries who aren't disabled to spend at least 80 to 100 hours a month working, volunteering, going to school or receiving job training. If they fail to report that they met the requirements, they lose Medicaid coverage—in some states for the remainder of the calendar year.

The Buckeye Institute study projected that establishing a Medicaid work requirement has the potential to raise weekly hours worked to between 22 and 25 hours, leading beneficiaries to gain more job experience, higher wages and eventual full-time employment.

But the group acknowledged uncertainty about how a work requirement policy would affect any given individual's lifetime earnings. It also said little is known about how expansion enrollees transition on and off Medicaid.

The report cautioned that state and federal officials will need to train case workers to ensure they are effectively educating beneficiaries about the work and reporting requirements, and that states are actually linking beneficiaries to work and training programs.

Even conservative policy experts who favor Medicaid work requirements worry that the CMS and the states are rushing ahead with this policy without adequate preparation, potentially causing large coverage losses. There are many **difficult implementation issues**.

"In Arkansas, I don't think the publicity was there for the Medicaid population to understand what they were supposed to do," said Joseph Antos, a healthcare analyst at the American Enterprise Institute. "It's an example of the CMS thinking more about the policy and not enough about the implementation."

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