



SB 224: Work and community engagement requirements for MO HealthNet

Executive Summary

In 2018, states were permitted to seek federal approval to use work requirements as a condition for Medicaid coverage. Eight states have received approval for work requirements for Medicaid coverage, but have suspended enforcement due to the COVID-19 pandemic or have delayed implementation pending a Supreme Court ruling regarding Arkansas's Medicaid work requirements, which were deemed unlawful in 2019. Seven states are pending decisions on their petitions for work requirements, but the Centers for Medicare and Medicaid Services (CMS) announced in February 2021 that it has preliminarily deemed such requirements invalid, and is expected to reject these proposals and withdraw existing approvals. SB 224 proposes adding work or community engagement requirements for Medicaid recipients in Missouri. Exempt populations would include the elderly, pregnant women, caretakers of children younger than 6, people with disabilities, and those exempt from work requirements from other public assistance programs such as TANF or SNAP.

Highlights

- Currently, **eight states have approved work requirements for Medicaid eligibility. The federal government has indicated that it intends to rescind the authority of states to implement work requirements**, and the Supreme Court is currently considering the legality of Arkansas's Medicaid work requirements.
- Implementation of Medicaid work requirements in Arkansas resulted in a **12% decrease in the number of adults receiving Medicaid coverage and no increase in employment** after 18 months.
- Survey data indicate that **individuals who met the requirements or were exempt may have still lost coverage** due to failure to properly report their status.

Limitations

- Little is known about how many Medicaid recipients currently engage in community engagement activities.
- Survey data assessing awareness of work requirements is limited to one state (AR), and outreach and administrative processes may vary between states.
- Implementation of Medicaid expansion and general economic conditions in Missouri may affect the number of individuals who are subject to work requirements and lose coverage.

Research Background

Work requirements for public benefits

The Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (PRWORA) instituted work requirements for Temporary Assistance for Needy Families (TANF), the federal

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cash assistance program for low-income families. Proponents of these requirements argued that such rules would serve as an incentive for individuals receiving government assistance to find employment. The Supplemental Nutrition Assistance Program (SNAP), colloquially known as food stamps, is also subject to work requirements, which were temporarily waived during the COVID-19 pandemic. Both of these programs provide exemptions from work requirements for categories such as the elderly, pregnant women, and people with disabilities. A study of TANF recipients in Boston, Chicago, and San Antonio indicated that people who use drugs and alcohol and those with poor mental health were less likely to work and more likely to have benefits rescinded after work requirements were instituted, suggesting that particular populations may be disproportionately affected by work requirements.¹

In 2018, Arkansas was granted permission by CMS to implement work requirements for Medicaid. The state initially required adults aged 30-49 to complete 80 hours of work per month or participate in a defined set of community engagement activities, and later expanded these requirements to individuals aged 19-29 as well. The state also provided medical exemptions that would allow individuals to waive these requirements.² Those who did not meet these requirements or did not provide documentation of their work or exempt status had Medicaid coverage rescinded. Over 18,000 adults in Arkansas lost Medicaid coverage due to these requirements before federal courts ordered the state to halt the policy.³ Medicaid work requirements in Arkansas are currently the subject of a pending Supreme Court case. Figure 1 provides a map of the status of Medicaid work requirements for each state.

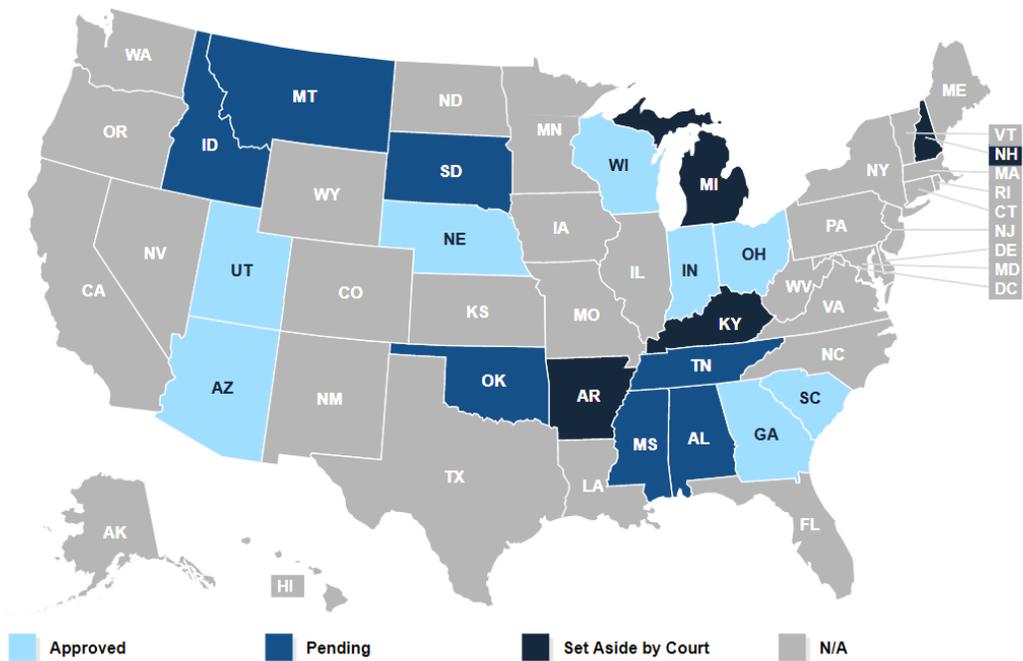


Figure 1. Map of Medicaid work requirement status. As of March, 2021, work requirements for Medicaid have been approved in eight states, overturned by courts in four, and await approval by CMS in seven others. Arkansas was the first state to enact Medicaid work requirements, and one of the few where data on the effects of work requirements are available. Map reproduced from KFF Medicaid Waiver Tracker.⁴

SB 224 proposes adding work or community engagement requirements for MO HealthNet recipients (the state's Medicaid program) aged 19-64 in Missouri. Exempt populations would include the elderly, pregnant women, caretakers of children younger than 6, people with disabilities, and those exempt from work requirements from other public assistance programs such as TANF or SNAP. The total MO HealthNet enrollment in Missouri was over 900,000 individuals in June 2020 (about 15% of the population). A study from Washington University in St. Louis in 2018 estimated that approximately 10% of MO HealthNet enrollees currently do not satisfy the proposed work requirements, and the fiscal note for SB 224 estimates that approximately 10,000 adults would lose Medicaid coverage upon enactment of these requirements.^{5,6} However, the number of MO HealthNet enrollees will increase upon enactment of expansion of Medicaid, which was passed by ballot initiative in 2020; the fiscal note for this bill estimates that an additional 40,000 adults in the expansion population would not satisfy these requirements and lose eligibility. Little is known nationally about how many Medicaid recipients are currently participating in community engagement activities that would satisfy these requirements.⁷

Effects of work requirements on insurance coverage and employment

Arkansas was the first state to enact Medicaid work requirements, and the only state where comprehensive analysis of the effects of the requirements has been performed. Implementation of work requirements was associated with an approximate 12% reduction in Medicaid coverage in the initial months of the policy, but no significant change in employment was detected after 18 months of follow-up.^{2,3} Among adults who lost Medicaid coverage, 50% reported serious problems paying off medical debt, 56% delayed care because of cost, and 64% delayed taking medications because of cost. These rates were higher than among those who retained their Medicaid coverage.³

To reduce administrative burden, Arkansas used existing data sources to confirm employment or disability status, which exempted two thirds of enrollees from the reporting requirement. However, survey data indicated confusion and lack of awareness surrounding reporting requirements, potentially resulting in some individuals who would otherwise meet the requirements or be exempt to lose coverage due to failure to complete the required administrative processes.^{2,3} Analysis of work requirements for SNAP and Medicaid recipients suggests that those who are able to work but cannot find work, those who are working but not completing 80 hours per month, and those who are working or exempt but fail to provide proper documentation are at risk of losing coverage under these policies.⁸

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