



WSC POLICY ALERT

CMS Issues Guidance Allowing States to Impose Medicaid Work Requirements

Overview

The Trump administration early Thursday morning outlined guidelines for states seeking permission to require certain Medicaid recipients to participate in work programs or lose their eligibility for the government health insurance program.

According to a CMS FAQ on the guidance, CMS has determined “that community engagement incentives are likely to assist in promoting the objectives of the Medicaid program by improving the prospect that beneficiaries will experience improved health outcomes after obtaining sustainable employment, which will also help them to achieve self-sufficiency.”

Details

The guidance would allow states to test programs through Medicaid demonstration projects (known as 1115 waivers) under which work or participation in other community engagement activities – including skills training, education (including attending school), job search, volunteering or caregiving – would be a condition for Medicaid eligibility for able-bodied, working-age adults. In designing the waiver, states should take into account people's employability and potential contributions to the labor market.

CMS will support state efforts to align Medicaid work and community engagement requirements with SNAP or TANF requirements, where appropriate, as part of the demonstration.

The guidance spells out safeguards that states should consider in seeking work requirements. These include:

- Exempting pregnant women, disabled people, and the elderly.
- Taking into account hardships for people in areas with high unemployment, or for people caring for children or elderly relatives.
- Allowing people under treatment for substance abuse problems to have their care counted as “community engagement” for purposes of meeting the requirements.



- States must also fully comply with federal disability and civil rights laws and ensure that all individuals with disabilities have the necessary protections to ensure that they are not inappropriately denied coverage

States will be required to develop strategies to assist beneficiaries in meeting work and community engagement requirements and to link individuals to additional resources for job training or other employment services, child care assistance, transportation, or other work supports to help beneficiaries prepare for work or increase their earnings. However, states will not be able to use Medicaid funding to finance these services for individual's subject to work and community engagement requirements.

Implications

State interest: The administration said 10 states — mostly conservative ones — have applied for waivers involving work requirements or community involvement. They are: Arizona, Arkansas, Indiana, Kansas, Kentucky, Maine, New Hampshire, North Carolina, Utah and Wisconsin. Advocates for low-income people say they expect Kentucky's waiver to be approved shortly.

Eligibility: CMS expects that some states will choose to impose a period of ineligibility or restriction of coverage for failing to meet program requirements. States will be required to monitor and evaluate the effectiveness and impact of such policies.

Enrollment: The Congressional Budget Office in September said that states would use work requirements to reduce enrollment in Medicaid. This is confirmed by estimates included in the existing state waiver applications. For example, Kentucky estimates that its waiver, which includes a work requirement, would cause 95,000 fewer people to be insured by Medicaid if the waiver is approved.

Necessity: A study from the nonpartisan Kaiser Family Foundation found that a surprising number of working-age adults on Medicaid are already employed. Nearly 60 percent work either full time or part time, mainly for employers that don't offer health insurance. 79 percent of Medicaid enrollees are in families with at least one worker. Most who are not working report reasons such as illness, caring for a family member or going to school. Some Medicaid recipients say the coverage has enabled them to get healthy enough to return to work.

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