

PURPOSE

The purpose of this brief is to understand the potential effects of enacting work and community engagement requirements for Medicaid eligibility in Missouri post-Affordable Care Act (ACA) Medicaid expansion. This brief includes a discussion of whether work requirements are well-aligned with the objectives of the Medicaid program to promote health and wellness among beneficiaries.

INTRODUCTION

In January 2014, discretionary Medicaid coverage under the Affordable Care Act (ACA) was expanded¹ to include adults aged 19-64 with yearly incomes below 138% of the Federal Poverty Level (FPL) in states that chose to adopt it. In Missouri, Medicaid expansion was adopted after voters approved an initiated constitutional amendment² in 2020. Medicaid expansion was ultimately implemented in Missouri in October 2021.³

Work and community engagement requirements tie Medicaid eligibility to employment status. They typically require a minimum number of hours per month that the individual must work or be engaged in community volunteering. Some individuals may be exempt. Proponents of work and community engagement requirements argue these requirements motivate individuals to seek employment opportunities and promote economic self-sufficiency. However, there is concern that these requirements create undue barriers to Medicaid access for individuals in need.

In 2018, The Centers for Medicare & Medicaid Services (CMS) announced support for work and community engagement requirements⁴ for Medicaid eligibility under the Section 1115 waiver program, with eight states receiving federal approval for their work requirement waivers by January 2019. Current evidence regarding work requirements is sparse. Arkansas was the first and only state to fully implement a work requirement for their state Medicaid program. After the implementation of a Section 1115 waiver in Arkansas, 18,164 individuals lost coverage in 2018⁵ with only 11% reapplying for and regaining coverage following loss. In February of 2019, 88% of individuals subject to the new work requirements⁵ did not report the required 80 hours of qualifying activity, putting them at significant risk for losing coverage.

In February 2021, the Biden Administration began suspending all previously approved Medicaid work requirement waivers⁶ on the grounds that these waivers created significant barriers to Medicaid access and coverage. While most previously approved state waivers have since been withdrawn, a recent federal court ruling overturned the Biden administration's withdrawal of Georgia's work requirement waiver, greenlighting the implementation of a state work requirement for Medicaid eligibility. This means that Georgia is presently the only state with an approved work requirement waiver.

KEY FINDINGS

- Of the estimated 430,944 adult Missourians who are eligible for Medicaid after expansion, **30.9% are working enough to meet proposed work requirements, while 18.8% are working but are not currently meeting the proposed work requirements.**
- Of those eligible for Medicaid but currently unemployed, **37.5% are ill or disabled, 12% are in school, and 24.3% are taking care of the home.**
- Of the those eligible for Medicaid who underemployed, **18.9% have a child under the age of 6 in the household and 13.7% report a health problem which limits their ability to work.**
- Among Medicaid-eligible adults who are currently either **unemployed or underemployed, those exempt** from reporting work hours represent **almost half (44.1%)** of all Medicaid-eligible adults.
- Overall, about **75% of Medicaid-eligible adults would not be materially impacted** by typical work requirements legislation.

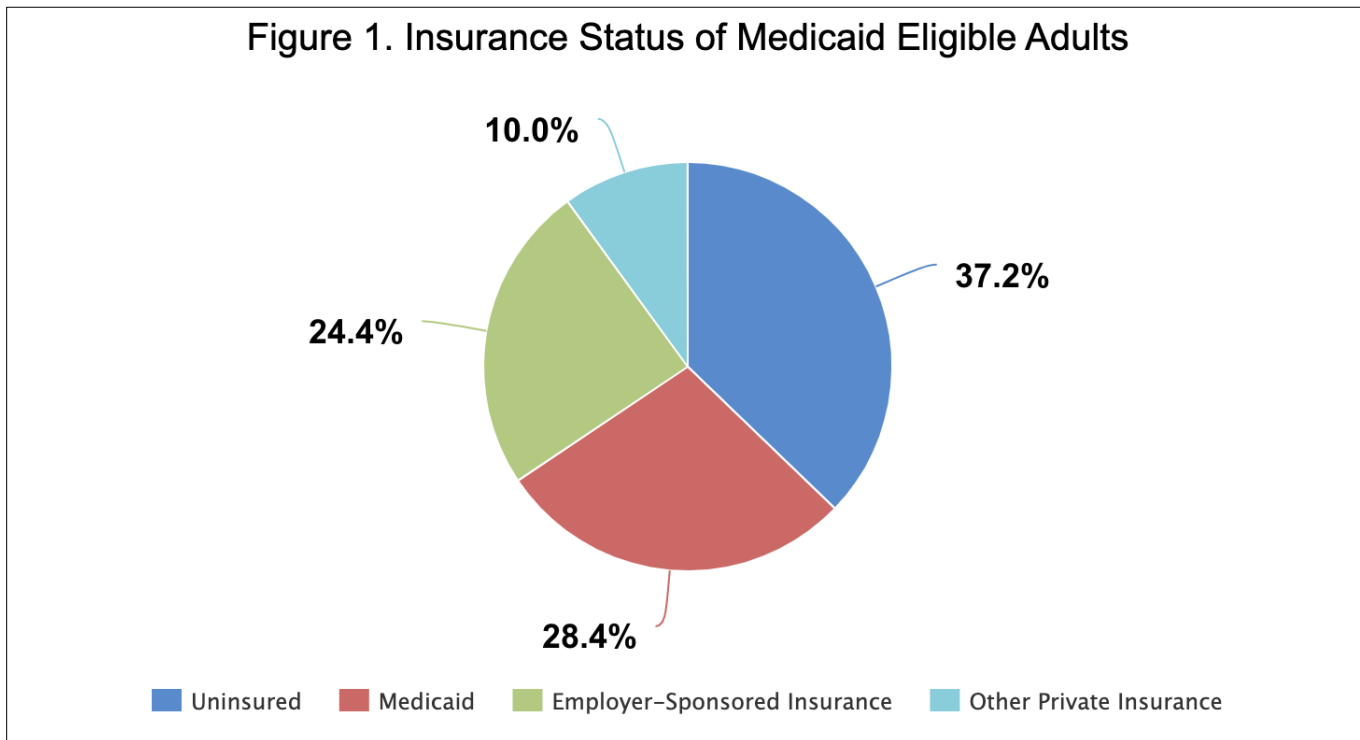
DATA AND METHODS

Data from the 2018-2021 Missouri Current Population Survey (CPS) were used to generate a subset of individuals who are likely eligible for Medicaid post-ACA expansion. A list of criteria used to generate this subset by approximating Medicaid eligibility criteria can be found in Appendix Table 1.

The general structure of work requirements legislation is reflected in the language of Missouri House Joint Resolution 117, from the 2022 legislative session, so language from this bill was used to characterize individuals who would be required to report work and community engagement hours for Medicaid eligibility. Individuals completing at least 80 hours of work or community engagement hours per month were considered eligible for Medicaid under work requirements legislation. Individuals with a disability, adults with a dependent child under the age of six, and students enrolled in a high school or high school-equivalent degree seeking program were all considered exempt from reporting work and community engagement hours in this analysis. A full description of criteria exempting individuals from reporting work and community engagement hours for Medicaid eligibility used in this analysis can be found in Appendix Table 2.

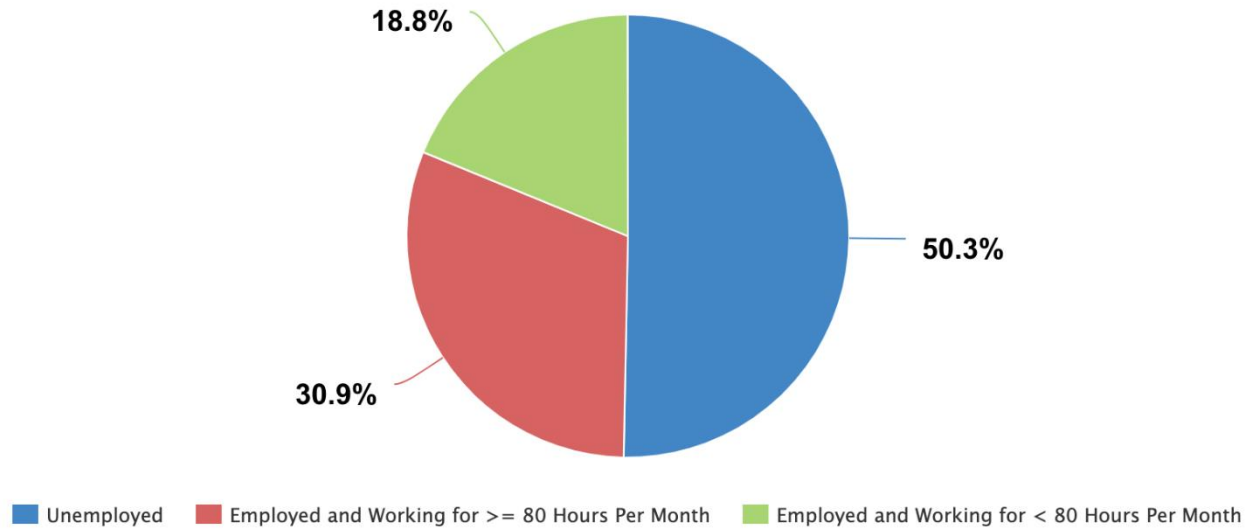
RESULTS

Of the estimated 430,944 adult Missourians who are eligible for Medicaid post-ACA expansion, 37.2% were uninsured at the time data were collected, 28.4% already had Medicaid, 24.4% had employer-sponsored insurance, and 10.0% had another form of private insurance (Figure 1).



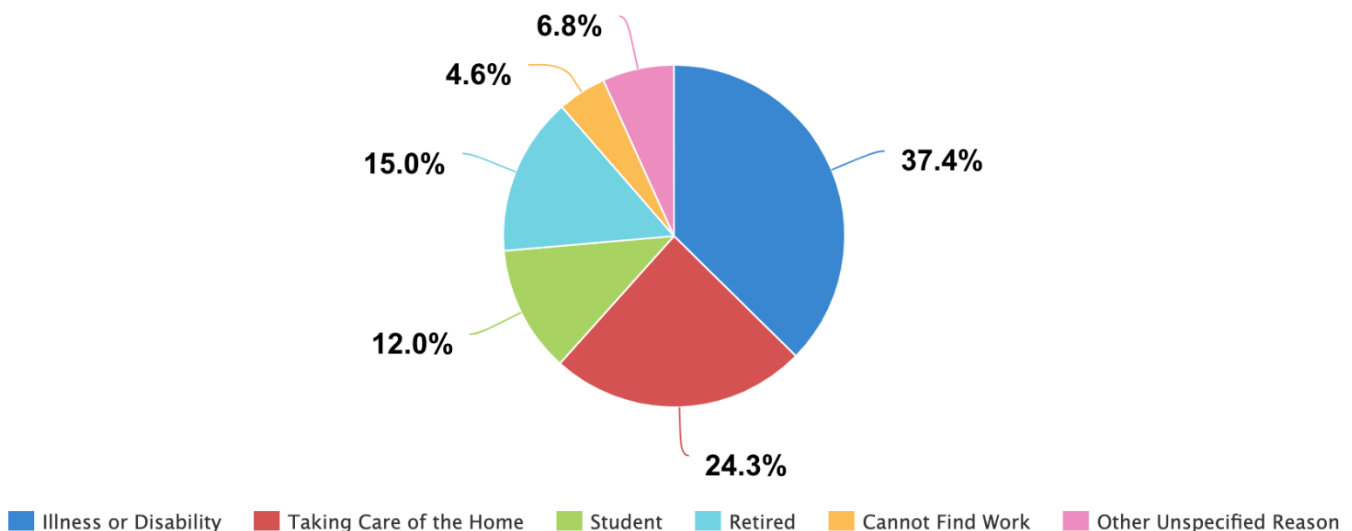
Employment status among this group of Medicaid eligible adults was analyzed to determine the number of individuals who would lose Medicaid eligibility under work requirement legislation (Figure 2). Overall, 69.1% of Medicaid-eligible individuals would potentially be ineligible for Medicaid under work requirements given their reported employment status. More than half of those eligible for Medicaid are currently unemployed (50.3%). A further 18.8% are employed but do not meet the 80-hour-per-month work requirement to maintain Medicaid eligibility.

Figure 2. Employment Status of Medicaid Eligible Adults



However, typical legislative language does allow for some exemptions. Among the 50.3% who reported being unemployed, reasons for unemployment were examined to determine the proportion who would ultimately be exempt from reporting work requirements. Figure 3 shows that 37.4% of unemployed Medicaid-eligible individuals cite an illness or disability as the primary reason for their unemployment, likely exempting them from work requirements for Medicaid eligibility. Additionally, 12.0% of Medicaid-eligible individuals who are unemployed are students while 24.3% are taking care of the home; both groups would likely be exempt. Consequently, only as few as 26.4% (6.8% who are unemployed for an unspecified reason + 4.6% who cannot find work + 15.0% who are retired) of unemployed Medicaid-eligible adults would be required to report work or community engagement hours.

Figure 3. Reason for Unemployment Among Medicaid Eligible Adults



As Figure 2 reports, 18.8% of Medicaid eligible adults are working less than 80 hours per month, which would require them to report work and community engagement hours under the sample legislation used for this analysis. Because these individuals are still employed, the CPS doesn't ask these individuals to report a reason for their unemployment so they cannot be categorized similarly to the unemployed Medicaid eligible group. Instead, related characteristics of the 18.8% of Medicaid-eligible adults who reported underemployment (working less than 80 hours per month) were explored to determine the proportion of these individuals who would ultimately be exempt from reporting work or community engagement hours. These characteristics were not mutually exclusive, but many of them are likely in situations that would cause them to be exempt from reporting hours. For example, 10.4% are currently enrolled in a high school, college, or university while 13.7% have a health problem or disability which limits the amount or kind of work they can do. In addition, 18.9% of underemployed Medicaid eligible individuals have a child under the age of 6 in the household, which would also potentially qualify them for reporting exemption. Table 1 (below) presents and contextualizes these findings in further detail. Because these characteristics may overlap, an exact number of underemployed individuals who would be exempt from reporting hours could not be determined.

Table 1. Characteristics of underemployed (<80 hours/month) Medicaid-eligible adults which could potentially exempt them from work requirements

Characteristic	Percent	Rationale for Exemption
Enrolled in high school, college, or university	10.4%	The sample work requirements legislation used for this analysis only exempts individuals enrolled in high school or a high school-equivalent program. Only a proportion of these individuals would qualify for exemption.
Health problem or disability which limits the kind or amount of work	13.7%	A health problem or disability would exempt these individuals from reporting work or community engagement hours for Medicaid eligibility.
Child under the age of 6 in the household	18.9%	Caring for a child under the age of 6 would exempt these individuals from reporting work or community engagement hours for Medicaid eligibility.

Medicaid-eligible individuals who are unemployed (50.3% of the total shown in Figure 2) and those who are employed but not meeting work requirements (18.8% of the total shown in Figure 2) represent 69.2% of the total Medicaid-eligible non-elderly adults. Of those who are unemployed, 73.7% (159,815) would likely be exempt from reporting work requirements. While an exact number of underemployed individuals who would qualify for exemption cannot be determined, we estimate that 37.5% (30,432) of underemployed individuals fall into one or more of the above-mentioned groups. Therefore, unemployed and underemployed individuals who would ultimately be exempt from reporting work and community engagement are about 44.1% of all (430,944) Medicaid eligible adults. Adding the 30.9% who are already working at least 80 hours per month, we find that 75.0% of eligible adults would not be materially impacted.

DISCUSSION

An analysis of the 2018-2021 Missouri CPS data shows that most individuals who would be eligible for Medicaid after ACA expansion are either already working, enrolled in a degree-seeking or vocational training program, or would be exempt from reporting work requirements due to their health or caretaker status. This illustrates that the institution of work requirements to promote employment and economic self-sufficiency in Missouri may be limited in scope, as only about a quarter (25.0%) of the Medicaid-eligible population would be required to find employment or increase their work hours to meet eligibility requirements.

Individuals exempt from reporting work or community engagement hours may even be larger than projected. The example legislation does not specify whether enrollment in a higher education program such as college or graduate school would exempt individuals from work requirements similar to enrollment in high school, a high school equivalent program, or vocational training program. Additionally, there were several other exemption criteria in the example legislation that were not included in this analysis. That bill also specified that pregnant women, individuals with an immediate family member in the home with a disability as defined by the Americans with Disabilities Act, and individuals experiencing a family health or inclement weather emergency would also be exempt from reporting work or community engagement hours. However, there was no accurate method of capturing exemptions for these reasons using the CPS data. This suggests that there may be more individuals who would be exempt from reporting work requirements who are not included in these findings.

The infrastructure required to work requirements for Medicaid eligibility is costly and may not outweigh the limited benefit of this legislation. Missouri would have to develop a framework for tracking both submitted hours and exemptions from individuals who are enrolled in Medicaid programs but are not required to submit work or community engagement hours.⁷ For example, Missouri HJR117's fiscal and policy note⁸ projected 12,480 hours of effort and over \$5,000,000 required to implement system-wide changes to accommodate work requirements in the fiscal year after passage. Work requirements also create demonstrated undue barriers to Medicaid access, which refutes the core mission of the program to provide access to comprehensive health-coverage to low-income individuals. Arkansas was the first and only state to fully implement a work requirement waiver for Medicaid eligibility, making it an excellent case study on the immediate effects of work requirements on Medicaid beneficiaries.

Early-stage implementation data from Arkansas' work requirement program show that work requirements have a fast-acting impact on Medicaid enrollment. Researchers who studied work requirements in Arkansas conducted a series of telephone interviews and found that about 97% of individuals aged 30 to 49⁹ – and therefore subject to the requirements – were already working enough to meet the requirements them before they were implemented. This interview data was compared to that of individuals in Arkansas in age groups not subject to work requirements, individuals in control states (Kentucky, Louisiana, and Texas) aged 30 to 49, and individuals in control states in age groups that would not be subject to Arkansas' work requirements. The report found that Medicaid and ACA marketplace coverage among Arkansas residents aged 30 to 49 declined about 7 percentage points, from 70.5% prior to the implementation of work requirements in 2016 to 63.7% in 2018, while control groups saw a 1.3% to 3.9% difference in the same period. The percentage of uninsured Arkansans aged 30 to 49 also increased from 10.5% in 2016 to 14.5% in 2018, with insignificant changes observed in the control groups' rates of uninsured individuals, suggesting that people were not obtaining employer-sponsored insurance in lieu of Medicaid.

The goal of legislation that aims to improve Missouri's workforce is likely to empower individuals to find work that provides employer-sponsored health insurance, but it is important to work toward this goal without creating significant barriers to access for individuals who require Medicaid. Employment readiness and job training should be viewed and programmatically addressed as social determinants of health to advance objectives of poverty reduction and economic self-sufficiency. Investing in existing programs like Missouri's Ticket to Work initiative with a focus on improving resource uptake can help connect key employment resources for Medicaid enrollees, while strengthening cross-agency partnerships with the Missouri Department of Higher Education & Workforce Development and the Missouri Department of Elementary & Secondary Education can help facilitate the development of robust job training infrastructure. These are likely more long-term solutions that will encourage individual and state productivity without creating additional barriers to access for critical resources like Medicaid.

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APPENDIX

Table 1. Criteria for Medicaid eligibility under ACA expansion

Restriction Criteria	Description
Yearly Income	Individuals below 138% of the federal poverty level (FPL) were included. FPLs for each year were computed using Department of Health and Human Services (HHS) poverty levels.
Age	Only individuals 19 – 64 years of age were included.
Current Medicaid Coverage	Individuals without current Medicaid coverage were included.
Current Military Coverage	Individuals without current military coverage, including VA Healthcare, CHAMPVA, and TRICARE, were included.

Table 2. Exemption criteria for reporting work requirements under House Joint Resolution 117

Exemption Criteria	Description
Disability	Individuals who are medically frail, including those with a “disabling mental disorder, a serious and complex medical condition, a physical, intellectual, or developmental disability that significantly impairs the individual's ability to perform one or more activities of daily living, or a disability determination based on criteria under the Social Security Act.”
Child in the Household	Defined in HJR117 as individuals who are the “primary caregiver of a dependent child under six years of age.”
Student	Individuals currently enrolled in a high school, high school degree-equivalent program, or vocational training program are not exempt from reporting work requirements, however, hours spent in school or equivalent job training can be reported as work or community engagement hours to fulfill the 80 hour per month requirement.