Research Report

Child Care Challenges for Medicaid Work Requirements

Gina Adams          Eva H. Allen          Anuj Gangopadhyaya          Genevieve M. Kenney
September 2019
ABOUT THE URBAN INSTITUTE

The nonprofit Urban Institute is a leading research organization dedicated to developing evidence-based insights that improve people's lives and strengthen communities. For 50 years, Urban has been the trusted source for rigorous analysis of complex social and economic issues; strategic advice to policymakers, philanthropists, and practitioners; and new, promising ideas that expand opportunities for all. Our work inspires effective decisions that advance fairness and enhance the well-being of people and places.
# Contents

<table>
<thead>
<tr>
<th>Acknowledgments</th>
<th>IV</th>
</tr>
</thead>
<tbody>
<tr>
<td>Executive Summary</td>
<td>V</td>
</tr>
<tr>
<td><strong>Child Care Challenges for Medicaid Work Requirements</strong></td>
<td>1</td>
</tr>
<tr>
<td>Introduction</td>
<td>1</td>
</tr>
<tr>
<td>What Is in This Report</td>
<td>3</td>
</tr>
<tr>
<td>Findings</td>
<td>4</td>
</tr>
<tr>
<td>Parents Likely Need Child Care to Comply</td>
<td>4</td>
</tr>
<tr>
<td>Child Care Costs Can Be Challenging</td>
<td>6</td>
</tr>
<tr>
<td>Parents May be Unable to Find Child Care That Meets Their Needs</td>
<td>12</td>
</tr>
<tr>
<td>Parents Who Can't Find Care That Meets Their Needs Face Difficult Options</td>
<td>14</td>
</tr>
<tr>
<td>Parents Could Lose Medicaid Even If They Comply</td>
<td>17</td>
</tr>
<tr>
<td>Conclusion and Policy Implications</td>
<td>18</td>
</tr>
<tr>
<td>Notes</td>
<td>20</td>
</tr>
<tr>
<td>References</td>
<td>24</td>
</tr>
<tr>
<td>About the Authors</td>
<td>28</td>
</tr>
<tr>
<td>Statement of Independence</td>
<td>29</td>
</tr>
</tbody>
</table>
Acknowledgments

This report was funded by the Robert Wood Johnson Foundation. We are grateful to them and to all our funders, who make it possible for Urban to advance its mission.

The views expressed are those of the authors and should not be attributed to the Urban Institute, its trustees, or its funders. Funders do not determine research findings or the insights and recommendations of Urban experts. Further information on the Urban Institute’s funding principles is available at urban.org/fundingprinciples.

We would like to extend our deep appreciation to our colleagues Heather Hahn, Elaine Waxman, and Stephen Zuckerman for commenting on earlier drafts, to Laura Sullivan for invaluable research assistance, and to our external reviewers, Joan Alker, Hannah Matthews, Erik Peterson, Judy Solomon, Deborah Stein, and Nikki Yamashiro for their constructive input.
Executive Summary

In January 2018, the Center for Medicare & Medicaid Services issued guidance allowing state Medicaid agencies to implement “community engagement” requirements, which require enrollees subject to the requirements to engage in and report on work or designated work-related activities. Since that time, several states have proposed, and some received, the administration’s approval to implement such requirements (hereafter called work requirements) in their Medicaid programs. Concerns have been raised that these work requirements could lead to significant losses of Medicaid coverage, even among recipients who qualify for exemptions or comply with the work requirements but do not successfully report their hours.

Some parents potentially subject to work requirements will struggle to find child care necessary to be able to participate in work activities—a challenge facing many parents across the country regardless of whether they face work requirements. In 9 of the 16 states with pending or approved Medicaid work requirement waivers as of August 15, 2019, the requirements will apply to some parents with children at home younger than 18. Among these nine states, Alabama and South Dakota have proposed to exempt parents of children under age 1 (though South Dakota’s waiver only affects two counties in the state); Michigan, Mississippi, Oklahoma, Tennessee, and Utah would exempt parents living with children ages 6 and under; Indiana would exempt parents with children ages 7 and under; and under its revised plan, New Hampshire would exempt parents living with children ages 12 and under. Child care challenges will vary by state, with greater challenges anticipated in states requiring parents with younger children to participate.

This report explores key questions about the implications of Medicaid work requirements for low-income parents with children. Specifically, will parents need to find child care to comply? Will parents be able to afford care, and if not, can they get help paying for it? Are parents likely able to find care that meets their needs (i.e., care that is affordable, good quality, accessible, and available during the hours they need it)? What happens if parents can’t find care that meets their needs? And could parents still lose Medicaid benefits even if they comply? The report concludes with a discussion of policy implications for the findings.
Key Findings

Many Parents Will Likely Need Child Care to Comply

It is unlikely that all parents subject to work requirements in Medicaid will be able to arrange their work schedules to meet their child care needs or easily find others to care for their child. Employers' and workforce development programs' scheduling practices typically do not accommodate workers with child care needs, and some workers have little advance notice of changes in work schedules. Friends or relatives may not always be available, reliable, or the best child care option for the family. Leaving young children alone regularly is unsafe, not preferred by many parents, and could be considered neglect. These realities suggest some parents will be unable to make satisfactory arrangements to balance work and child care responsibilities, affecting their ability to meet work requirements and maintain Medicaid benefits.

Child Care Costs Can Be Challenging

Child care affordability is likely one of the biggest challenges facing low-income parents seeking to comply with Medicaid work requirements for two reasons.

*Child care can be costly.* A 2014 survey found parents who pay for care pay an average of $4,100 for afterschool care per child, excluding potential additional expenditures in the summer. These costs can be twice as high for preschool-age children and are particularly high for infants and toddlers. Though work requirements intend to remove people from poverty, a parent who complies by working a job at the state minimum wage may find that most, or even all, of his or her earnings would be needed to cover the additional child care costs that would to be incurred.

*Assistance from the federal child care subsidy program is uncertain.* States are prohibited from using Medicaid funds to pay for child care for enrollees who need it to comply with work requirements. The Child Care and Development Fund (CCDF) is the major federal program that helps low-income parents pay for child care. However, parents subject to the Medicaid work requirements may not be able to get assistance from the CCDF or other programs.

- **Not all parents will be eligible for CCDF child care subsidies.** Most parents on Medicaid who have children younger than 13 (unless they have special needs) would be eligible for CCDF assistance based on their income. However, to be eligible for CCDF, parents also must engage in work-related activities that align with CCDF eligibility policies, and only some activities
meeting Medicaid work requirements also meet state-established requirements for CCDF eligibility.

- **Parents may be unable to receive child care subsidies even if they are eligible.** The CCDF is inadequately funded. In 2015, only one in seven children whose parents would be eligible under federal rules received assistance. Though funding for CCDF increased recently, only some of these funds will serve additional children, because states are using these funds to address a range of issues in the current child care system.

- **Other child care assistance programs are unlikely to accommodate increased demand.** Other federal programs (e.g., the 21st Century Community Learning Centers, Head Start, and Early Head Start) and most state programs face similar challenges because they are seldom sufficiently funded to serve all eligible children.

**Parents May Be Unable to Find Care That Meets Their Needs**

Whether they get assistance or pay for care on their own, parents may also struggle to find programs that meet their needs because the supply of care is limited.

- **Child care is in short supply.** The supply of afterschool programs falls short of current demand: one study finds that for every child served, almost two more children would enroll if programs were available. Research also suggests significant supply gaps in summer and other times when school is not in session. The US also has many “child care deserts,” where the supply of early care and education slots is significantly lower than the demand.

- **Supply gaps are even greater for some families.** Some families, including low-income families, families living in rural areas, families where a parent needs child care for nontraditional hours and schedules, and families with infants and toddlers, face greater difficulties finding child care.

**Parents Who Are Unable to Find Care Face Difficult Options**

Parents who cannot find good-quality, affordable child care so they can participate in work requirement activities would face the following options:

- **Seek exemptions because of an inability to find child care.** Some Medicaid programs propose “good cause” exemptions from work requirements for parents unable to find child care. However, claiming a good cause exemption will require that (1) parents are well informed about
this option, (2) parents can understand and navigate the exemption process, and (3) states clearly define what constitutes “a lack of child care” and how to prove it. To date, there is little state guidance about how these issues will be addressed.

- **Leave their children in suboptimal care or alone.** Poor-quality care and/or leaving children to care for themselves can jeopardize children’s well-being and long-term development and make it harder for parents to work.

- **Fail to comply (or get an exemption) and lose Medicaid benefits.** Failure to meet the participation and reporting requirements or successfully claim an exemption from participation can lead to termination of Medicaid coverage until requirements or exemption qualifications are met, at which point parents could reapply. Losing Medicaid benefits could negatively affect health and well-being for both parents and children.

**Parents Could Lose Medicaid Benefits Even If They Comply**

Ironically, some compliant parents could lose benefits, particularly in states that have proposed work requirements but have not expanded Medicaid under the Affordable Care Act. These states have Medicaid income eligibility cutoffs below 138 percent of the federal poverty level (and some have a cutoff at or below 50 percent of the federal poverty level). If parents in these states comply by working additional hours and their incomes rise above the eligibility level, they would lose Medicaid benefits. Further, parents who meet requirements but face difficulties reporting on and documenting their compliance could also lose Medicaid coverage.

**Policy Implications**

The cumulative impact of these realities is that families needing child care to comply with new Medicaid work requirements will likely face several challenges: They may not be eligible for assistance or able to get free or low-cost child care. If they are eligible for the CCDF, they may be at relatively lower priority to receive funds that already only serve about one in seven children eligible under federal guidelines. And even if they get assistance, they may struggle to find care that meets their work schedules or child’s needs. As noted earlier, these challenges are not unique to families facing work requirements; finding affordable quality care can be difficult for many families, regardless of whether they face work requirements.
Medicaid work requirements could create hardships for parents whose children will need care to comply for two major reasons: First, parents who have trouble finding quality care may be faced with putting children in care that does not meet their needs, which can risk both their child’s healthy development and the parents’ ability to participate in required activities. Second, parents could lose Medicaid coverage for failing to comply, failing to successfully report compliance, failing to obtain exemptions for which they could qualify, and/or complying and earning above the income cutoff, even with minimal increases in income.¹ Losing Medicaid coverage would likely reduce parents’ access to health care, impose higher financial burdens on their families, increase parental psychological distress, and lower health coverage rates for children, which could have negative impacts on their health and other outcomes in the near and long terms (Abramowitz 2018; Brown, Kowalski, and Lurie 2015; Caswell and Waidmann 2017; Cohodes et al. 2014; Dubay and Kenney 2003; Goodman-Bacon 2016; Hu et al. 2018; Hudson and Moriya 2017; McMorrow et al. 2017; Miller and Wherry 2014).

These challenges risk undermining the stated goals of the community engagement requirements (to “help individuals and families to rise out of poverty and attain independence”), the larger goals of the Medicaid Section 1115 demonstration programs (to “promote better mental, physical, and emotional health”), and most states’ child care and early education efforts’ goals of supporting children’s development and parents’ economic well-being. In addition, though the current legal scrutiny and rulings on Medicaid work requirements leave the policy’s future unclear,⁴ the child care challenges that could result from these proposals are also relevant for work requirement proposals that include parents in other safety net programs.
Child Care Challenges for Medicaid Work Requirements

Introduction

In January 2018, the Centers for Medicare & Medicaid Services (CMS) released guidance permitting states to develop new policies requiring certain Medicaid beneficiaries to work or participate in “community engagement” activities to maintain public health insurance coverage.\(^5\) In response, a growing number of states have pursued implementing work and community engagement requirements, hereafter called “work requirements.” Specifically, as of August 15, 2019, nine states have received approval from CMS\(^6\) and another seven states have submitted Medicaid Section 1115 waiver applications to CMS that include such requirements.\(^7\) These proposals vary along many dimensions because CMS has given states considerable discretion in designing Medicaid work requirements, including whether to exempt parents, the types of activities and level of effort that satisfy the requirements, and the assistance offered to help beneficiaries meet the work requirements.\(^8\)

The administration’s stated goal in permitting waivers that allow work requirements in Medicaid is to “help individuals and families rise out of poverty and attain independence.”\(^9\) However, this policy has engendered significant debate, including whether the policy is legal,\(^10\) whether these efforts align with the Medicaid program’s purpose, and whether such efforts can meet the administration’s stated goal.\(^11\) As of this writing, a federal judge has blocked Medicaid work requirements in Arkansas, Kentucky, and New Hampshire, citing states’ failures to consider the coverage losses the proposed work requirements may cause.\(^12\) Research has identified several challenges low-income families may face trying to engage in such activities, including inadequate employment opportunities,\(^13\) work patterns that conflict with the waiver policies’ definitions of work (Gangopadhyaya et al. 2018), and low rates of internet access among Medicaid beneficiaries, which may complicate documenting exemptions, searching for qualifying activities, or reporting fulfilled work or community engagement hours.\(^14\) Further, because of the added complexity and reporting burdens, work requirement policies can place compliant or exempt parents at risk of losing Medicaid coverage (Hahn 2019). Recent research estimates the number of people who enter employment because of Medicaid work requirements will likely be far lower than the number of working people who lose access to Medicaid because they do not consistently work sufficient hours or cannot work but do not document their qualification for an exemption (Bauer, Schanzenbach, and Shambaugh 2018). Moreover, research from welfare-to-work experiments indicates implementing
work requirements may not increase sustained work effort and long-term earnings or reduce poverty (Grogger and Karoly 2005; Hamilton et al. 2001; Pavetti 2016).

This report addresses yet another concern as states consider moving forward with these proposals: child care barriers for parents with children ages 12 and under (or older if the child has special needs) who may need child care to comply with Medicaid work requirements. As of August 15, 2019, 9 of the 16 states with pending or approved Medicaid work requirement waivers subject some parents with minor children at home to work requirements unless they qualify for other exemptions. The states are Alabama, Indiana, Michigan, Mississippi, New Hampshire, Oklahoma, South Dakota, Tennessee, and Utah. In addition, states are evolving their work requirement plans, including parent exemptions. In its approved waiver, New Hampshire originally proposed exempting parents living with children ages 6 and under from work requirements. However, in early July 2019, New Hampshire passed a bill that, among other changes, expanded the exemption to include parents of children ages 12 and under. Because a federal court blocked implementation of work requirements in New Hampshire shortly after this bill was signed, the state has not yet negotiated amendments to its waiver with CMS.

Though states are encouraged to provide support and assistance to Medicaid beneficiaries in meeting the requirements, including through links to “job training or other employment services, child care assistance, transportation, or other work supports,” they are prohibited from using Medicaid funds to pay for these services. Little is known about the extent to which states will provide child care assistance or referrals, or how they might support such services for Medicaid beneficiaries subject to work requirements. Further, as this report details, states will not likely have sufficient resources and capacity in the existing child care subsidy system to meet these increased needs.

Failure to address child care needs could not only directly undercut parents’ ability to comply with these requirements but also increase the likelihood that such requirements lead to loss of Medicaid coverage (Hahn 2019). Loss of Medicaid coverage would likely reduce parents’ access to health care, impose financial burdens on their families, increase psychological distress among parents, and reduce coverage rates for children, all of which could have negative impacts on children’s health and other outcomes (Boudreaux, Golberstein, and McAlpine 2016; Caswell and Waidmann 2017; Cohodes et al. 2014; Goodman-Bacon 2016; Henry J. Kaiser Family Foundation 2018; Hu et al. 2018; Hudson and Moriya 2017; Katch, Wagner, and Aron-Dine 2018; McMorrow et al. 2017; Miller and Wherry 2014; Wagnerman, Chester, and Alker 2017). Among other issues, concerns about negative outcomes of Medicaid work requirements have led to court challenges, and Medicaid disenrollment numbers related to failure to meet work requirements in Arkansas have exacerbated these concerns.
Finally, though not a focus of this paper, it is also important to realize that when work requirements affect noncustodial parents, children may also be affected. Little is known about the extent to which noncustodial parents’ involvement in their children’s lives may be affected by this policy. However, if noncustodial parents spend significant time with their children (perhaps providing child care while the custodial parent works), requiring the noncustodial parent to meet Medicaid work requirements could make it more difficult, if not impossible, for the custodial parent to work. Data from 2016 show that of the 50 percent of custodial parents who did not have a child support agreement with the noncustodial parent, 20 percent reported that the child sometimes lived with the noncustodial parent, which was the reason for not having a legal agreement (Grall 2018). Further, if noncustodial parents fail to meet Medicaid work requirements and lose coverage, their health outcomes, access to needed care, and ability to financially and emotionally support their children could be negatively affected (Hahn 2019).

What Is in This Report

This report provides policymakers and stakeholders with information about child care realities to inform policy decisions around work requirements for parents on Medicaid. It explores five questions about the implications of Medicaid work requirements for low-income parents with children:

1. Will parents need to find child care to comply?
2. Will parents be able to afford care, and if not, can they get help paying for it?
3. Are parents likely able to find care that meets their needs (i.e., care that is affordable, good quality, accessible, and available during the hours they need it)?
4. What happens if parents can’t find care that meets their needs?
5. Could parents still lose Medicaid benefits even if they comply?

It concludes with a brief discussion of some policy implications for the findings.

The information in this report is based on a high-level review of pending and approved state Section 1115 Medicaid waivers with work requirements and other publicly available information and secondary sources for both Medicaid and child care.
Findings

States’ Medicaid waiver proposals vary in how they treat parents or caretakers (hereafter called parents) with dependent children. This paper focuses on the nine states that would require some parents with children younger than 13 at home to participate in work requirements, unless they meet other exemptions or exclusions, such as qualifying under a disability pathway. Among these nine states, two (Alabama and South Dakota) have proposals that would exempt parents (with some limited exceptions) of children under age 1 (though South Dakota’s waiver only affects two counties) and seven states’ waivers would exempt parents living with children ages 6 and under (Michigan, Mississippi, Oklahoma, New Hampshire, Tennessee, and Utah), though, as noted above, legislation passed in July 2019, would exempt parents in New Hampshire living with children ages 12 and under) or 7 and under (Indiana).

We note these proposals would not only affect Medicaid-enrolled parents not currently working but also working parents not working sufficient hours consistently enough to comply with Medicaid work requirements. Recent data suggest more than 60 percent of nondisabled Medicaid enrollees worked in the past year (Karpman 2019), with even higher rates reported in families with one Medicaid-enrolled parent and multiple children (Garfield, Rudowitz, and Damico 2018). However, analysis in Kentucky indicated about one-third of working adults potentially subject to work requirements in Medicaid do not work enough total hours to maintain Medicaid coverage throughout the year under the proposed work requirements (Gangopadhyaya et al. 2018). Thus, Medicaid work requirements may impose new demands for child care among Medicaid-enrolled parents who are already working. Moreover, lack of child care may explain why some employed parents are not working more hours in the first place; for these families, implementing work requirements without addressing the underlying child care need introduces risks for parent and child well-being.

Many Parents Likely Need Child Care to Comply

No estimates are available on how many parents would need to find care for their children to comply with Medicaid work requirements. Though there are a few ways parents of children 12 and under who must comply with work requirements might avoid needing to find child care, these options may not be as easy as they appear. For example, two-parent families can, in theory, try to arrange both parents’ schedules so one parent is always available to provide child care. Alternatively, parents with children enrolled in school (early education for preschoolers or K–12 for school-age children) can try to arrange all their work and community engagement activities to occur during hours their child is at school/in his
or her early education program. Finally, parents may be able to leave their children with friends, an older sibling, or another relative—if they can find someone they trust who is willing and able to reliably provide such care over time—or with a patchwork of such people, or they can leave their child home alone.

The first two options, however, are unavailable to many families. Nationally, an estimated 48 percent of parents enrolled in Medicaid with dependent children in their households are single and therefore less likely to be able to juggle schedules with another parent. And arranging schedules during school is not an option for many younger children not enrolled in prekindergarten or Head Start. These programs only serve a fraction of eligible children in most states, require enrollment before the school year starts, usually limit services to 4-year-olds (and some 3-year-olds), and often have more restricted hours than schools. Options are even more scarce for 1- and 2-year-old children, even including Early Head Start, which only serves a small fraction of eligible children (Schmit et al. 2013). Consequently, parents with younger children may need to find child care for many or all the hours they engage in activities.

Further, even if there are two parents and/or all their children are enrolled in school or early education, parents may not have sufficient control over their work or community engagement schedules to align them with when their children are in school or otherwise do not need child care. The volatility and seasonality of typical jobs for many Medicaid or Supplemental Nutrition Assistance Program enrollees and limited ability to dictate work hours suggest it may be difficult to negotiate schedules (Butcher and Schanzenbach 2018; Karpman, Hahn, and Gangopadhyaya 2019). Similarly, parents are unlikely to have control over the scheduling of education and training activities that could satisfy work requirements in some states or help lead them to sustainable employment, because colleges and workforce development programs do not necessarily schedule key training opportunities around the K–12 school system or families’ child care needs (Adams, Derrick-Mills, and Heller 2016). And being limited to classes or activities available during school hours may result in parents simply meeting requirements with activities irrelevant to real work opportunities. Alternatively, parents may not be able to participate for enough hours to fully satisfy the required minimum hours per month or week. Finally, though some proposed activities, such as volunteering or job search, give parents more control over schedules, parents would eventually need to engage in paid employment to increase income and self-sufficiency, the ultimate stated goals of the Medicaid work requirements, and at that point, parents would likely face the challenges outlined above.

Additionally, in some states, after an initial grace period, nonexempt beneficiaries must comply with work requirements in every month in a 12-month Medicaid eligibility and enrollment period, meaning
parents must meet the requirements when school/early education programs are out of session. Where monthly compliance is required, even parents who can arrange their schedules around school, prekindergarten, or Head Start hours would still face the challenge of finding someone to care for their child during the summer months and holidays, when these programs are not in session. Though parents could have more flexibility in states where compliance is required for fewer months in the year, parents with school-age children in these states would only be able to schedule their activities during months when school is in session if employers, workforce development programs, and higher education institutions were flexible in what they require of parents and willing to reserve their jobs/activities for them, which seems unlikely. Further, parents likely need the grace period to deal with unemployment spells and may be unaware of the requirements’ details unless states engage in significant outreach and education (Musumeci, Rudowitz, and Hall 2018).

In addition, though it may seem easy for parents to rely on family members or friends for child care, the reality can be more difficult. Given family mobility and work participation rates, many families may not have a relative or friend nearby who is willing, able, and qualified to care for their child and provide reliable care over time. Also, these family members and friends may only be willing to provide child care if paid, which can then lead to affordability issues. The quality of home-based care can vary because these options are not usually formally regulated (Susman-Stillman and Banghart 2011), and their reliability can vary as well.26 And finally, leaving children home alone regularly may also be problematic, because child self-care has been associated with several negative outcomes (Aizer 2004; Kerrebrock and Lewit 1999; Peterson 1989). It also can be unsafe for the child, depending on the child’s immaturity and risks in the environment, and is not preferred by many parents with younger school-age children, and even for some adolescents. Further, depending on the circumstances and the child’s age, it can be considered neglect and grounds for state action by a child welfare agency (Child Welfare Information Gateway 2016, 2018).27 Consequently, parents who rely on this option could be accused of neglect. To the extent parents feel pressured to choose these options to avoid losing Medicaid coverage, parents may not be able to place their children in settings they feel are best for their children.

**Child Care Costs Can Be Challenging**

One of the biggest challenges facing low-income families who may have to comply with Medicaid work requirements is affording child care. Child care can be costly, and parents may not be able to get financial assistance or find free or subsidized care easily.
CHILD CARE CAN BE COSTLY

Though not all families need to pay for child care, the cost of care can be prohibitive for families who must pay, though it varies by type of care and the child’s age (Child Care Aware of America 2018):

- A national survey of parents in 2014 found parents who pay for school-age child care report paying, on average, $114 per week per child during the school months (Afterschool Alliance 2014), about $4,100 for the school year, or 20 percent of the income of a family of three at the 2014 poverty level. These estimates reflect what parents paid for care after any subsidies or discounts. And costs are higher when school is out of session and parents may need additional child care, making the total annual bill potentially even larger.

- Child care costs for younger children can be significantly higher, ranging from roughly $7,500 to $9,200 a year per 4-year-old child in a child care center or family child care home to around $7,800 to $10,200 for a toddler in these settings (Child Care Aware of America 2018).

- Across the nine states, for nonworking parents to comply with Medicaid work requirements at the state minimum wage in 2019, we estimate the additional earned income would range from $1,740 to $8,736. Therefore, potential income gains may be partially or fully canceled out by additional child care costs, leaving families who comply with Medicaid work requirements with little or no extra money to help them rise out of poverty.

If states wish to include provisions to help parents afford child care, they need to recognize the full costs parents would incur.

ASSISTANCE FROM THE CHILD CARE AND DEVELOPMENT FUND IS UNCERTAIN

The realities in the preceding section show that parents’ compliance with work requirements may depend on their ability to get child care assistance. As noted earlier, states are prohibited from using Medicaid funds to pay for child care for enrollees who need it to comply with work requirements, so such parents must look elsewhere for assistance. The primary source of child care assistance for low-income families is the Child Care and Development Fund (CCDF, also known as the Child Care and Development Block Grant). CCDF is a federal-state program that helps defray some or all costs of child care for low-income families who need to work, or in some states, participate in education and training, or have other priority needs (box 1). Though the federal government provides some parameters for how states must design and administer their child care subsidy programs, states have significant latitude in setting rules for who can get child care, under what circumstances, and who they prioritize to receive funds.
BOX 1
Understanding the Child Care and Development Fund

The CCDF is the nation’s child care assistance program. In 2017, the program helped pay for the child care of 1.3 million children each month and was funded at $5.7 billion (with additional funds from the Temporary Assistance for Needy Families program, state general revenue, and in some cases, federal Title XX dollars). The program is funded as a federal block grant to states, and states use most of these funds to help parents pay for child care, usually through vouchers.

The CCDF program was reauthorized in 2014 with significant changes to the law designed to increase families’ access to good-quality child care. Federal funding for the program increased significantly in 2017, from $5.7 billion to over $8 billion for 2018 (CLASP 2018). Before the funding increase, the program’s funding levels could serve only a fraction of eligible families: estimates from 2015 show 15 percent of those eligible under federal guidelines were served (Chien 2019). Though the proportion served seems likely to increase with the 2018 funding increase, only a portion of the funds are being used to serve additional children, because states are also using the funds to meet the new requirements of the reauthorization and other priorities, such as raising provider payment rates currently significantly below market levels. Further, the number of children receiving subsidies fell between 2015 and 2017, before the funding increases, so it is unclear whether increases in the number served will simply make up for these losses or reach more families than before reauthorization (National Women’s Law Center 2019).

State flexibility in establishing eligibility rules for child care may have important implications for whether parents subject to Medicaid work requirements get CCDF child care assistance. First, is the parent eligible, based on income, the age of their children, and being engaged in an eligible activity as defined by the state? And second, can the parent get assistance even if he or she is eligible? The latter is especially important because, unlike Medicaid, CCDF is not an entitlement. In 2015, the program was estimated to only serve about one in seven children eligible under federal guidelines (Chien 2019), so most eligible families cannot get assistance even if they qualify. Each of these questions is discussed below.

---

*a* For more information on the CCDF, visit the websites of the Office of Child Care, National Women’s Law Center, or the Center for Law and Social Policy.


Some parents complying with work requirements may not be eligible for CCDF subsidies. To qualify for CCDF, parents subject to Medicaid work requirements must meet three criteria:

1. **Income.** The federal government established a CCDF income eligibility ceiling of 85 percent of state median income. However, states can set their income eligibility guidelines below that level, and most do. Though eligibility differs by state, most Medicaid-enrolled parents subject to the work requirements would likely be eligible for CCDF subsidies based on income.

2. **Child's age.** CCDF rules prohibit states from paying for child care for children ages 13 and older unless the child has special needs. Though some children are mature enough to be left alone at age 13, whether this is appropriate and safe can vary depending on personal factors, such as the child's personality, and risk factors in the community, such as violence (Atherton et al. 2016; Mack, Dellinger, and West 2012).

3. **Engagement in an allowable activity.** According to their waiver applications, states vary in what they set as allowable activities to meet Medicaid work requirements, and these activities do not necessarily align with activities that make a family eligible for CCDF assistance.
   - **Employment.** Though both systems value employment as a core activity and priority, Medicaid and CCDF may require parents to engage in employment activities for different amounts of time. For example, not all states set the number of hours parents must work for Medicaid work requirements at levels that would qualify them for the CCDF. Further, the details of these requirements, such as the periodicity (i.e., weekly or monthly) of the hours, may also not align across the two systems. Consequently, families complying with Medicaid work requirements may not be eligible for CCDF even if they are working the required hours.
   - **Education and training.** In many states, participating in education and/or training is a qualifying activity for both CCDF eligibility and Medicaid work requirements. However, the devil is in the details because the two systems can vary in which education and training activities they consider allowable and whether they include any additional eligibility restrictions. Many state child care agencies place additional restrictions on child care eligibility for parents participating in education and training programs, though these restrictions vary widely across states. Some common restrictions include having to work a minimum number of hours in addition to education/training activities, time limits, type of degree or training program, and performance requirements (Minton, Tran, and Dwyer 2019). Consequently, parents complying with Medicaid work requirements by participating
in education and training may be ineligible for child care assistance if their activity does not align with their state’s CCDF eligibility policies.

» **Job search.** Though job search is an acceptable Medicaid work requirement activity in many states with Medicaid waivers, state CCDF rules often do not deem parents engaging in job search activities eligible to apply for child care assistance. Under federal rules, states must allow CCDF subsidies to support job search for parents who lose their job while receiving CCDF subsidies. However, most state rules do not consider a parent eligible if they are applying for child care to engage in job search.

» **Other activities.** States with Medicaid work requirements proposals often include other allowable activities that do not align with allowable activities for CCDF eligibility. Examples include volunteer activities/community service and participation in substance use disorder treatment. Though substance use disorder treatment is not an activity states commonly report as qualifying parents for child care assistance, nationally, a few states count this as an approved activity for Temporary Assistance for Needy Families (TANF) clients to get child care.

In summary, though most parents subject to Medicaid work requirements would be eligible for CCDF based on income, they may not be eligible if the child needing care is older than 13, or if the work-related activity they engage in to meet Medicaid requirements (or the hours they participate) is incompatible with CCDF requirements.

**Limited funding means child care subsidies are unavailable to many eligible families.** As noted earlier, the CCDF is not an entitlement and was estimated to serve only about one in seven eligible children under federal law in 2015 (Chien 2019). Congress allocated substantial additional funds to CCDF in 2017, but whether these funds will significantly change these estimates is unclear, because serving additional children is one of many competing demands states must address with these funds. Though some states report having used some funding to take children off their wait lists or expand eligibility, states have also faced significant costs associated with the new federal requirements as part of the 2014 reauthorization and/or are investing the funds in other priorities laid out in the 2014 legislation (CLASP 2018; Shulman and Blank 2017). Therefore, it may be challenging for state child care systems to absorb new applicants needing child care to meet the Medicaid work requirements. Further, even if the CCDF is accepting new applicants, many states prioritize child care applicants who receive TANF and need child care to comply with the TANF work requirements (and who therefore may be exempt from Medicaid work requirements), families who recently left TANF for employment, families involved with the child protective services system, homeless families, and employed parents.
Though some states give equal opportunity to all applicants, parents needing child care for education and training may not be prioritized in other states. (Durham et al. 2019). The share of the CCDF caseload in each state that is made up of parents needing assistance to support education and training shows the net effect of state eligibility and policy priorities on parents seeking child care for such activities. Data from Gebrekristos and Adams (2019) show the share of parents who received child care subsidies to participate in education and training activities varied widely, from 3 percent in nine states to more than 20 percent in three states in 2016. Among families who did not report TANF income, only about 9 percent received assistance to participate in these activities.

**Other child care assistance programs will unlikely be able to accommodate increased demand.** Though the CCDF is the largest program focusing on child care, other programs are also relevant. However, these programs also are not funded sufficiently to meet demand. One such program, focusing on child care for school-age children, is the 21st Century Community Learning Centers, which gives grants to afterschool and summer programs providing educational enrichment services to students attending high-poverty, low-performing schools. The program was funded at $1.22 billion in 2019 and served almost 2 million children and families. However, this is far from meeting the need; one estimate suggests more than 21 million youth are eligible to enroll in 21st Century Community Learning Centers.

Parents with school-age children may also have access to low-cost or free programs in their schools or local organizations in their communities, though it is unclear how many parents can access these services. Many parents would like to enroll their children in these programs but cannot, and most who enroll pay for care. A survey of parents with school-age children in 2014 found approximately 19.4 million children would enroll in a program if one were available to them, and only one in four parents whose children attended afterschool programs reported getting this care for free (Afterschool Alliance 2014). Of those parents who paid, only about one in five reported receiving some government assistance for care, such as that offered by CCDF. A study from 2009 found parents pay for most afterschool costs, even in low-income districts (Earle and Afterschool Alliance 2009).

Other government funding sources for early education for preschool-age children include Head Start, Early Head Start, and state-funded prekindergarten programs, which are usually free. Head Start and state prekindergarten programs provide early education for preschool-age children, most commonly 4- and 5-year-olds not yet in kindergarten, as well as some 3-year-olds. Head Start only serves 31 percent of eligible 3- to 5-year-old children, and most states do not fund their state prekindergarten programs sufficiently to serve all eligible children (Friedman-Krauss et al. 2018). Early Head Start serves infants and toddlers but is very small, serving only about 7 percent of eligible children.
Though some states and localities also invest in child care subsidies separately from CCDF, availability of these resources varies. Therefore, it is unclear whether any of these programs would be able to absorb additional demand for child care services resulting from the Medicaid work requirements.

Parents May Be Unable to Find Child Care That Meets Their Needs

Families who cannot arrange their schedules or find reliable friends or family to provide care for their children may struggle to find good-quality child care, because research suggests significant gaps in the supply of such care (Malik et al. 2018). The root cause of this problem is that child care is costly, and parents are the primary source of funding. Consequently, the market does not sustain an adequate supply of good-quality care, particularly in places where families have less resources, unless some outside funding source creates and sustains providers (Stoney 2010).

CHILD CARE IS IN SHORT SUPPLY

A national survey of parents about afterschool programs finds that in 2014, about 10 million children participated in an afterschool program, and another estimated 19.4 million children not enrolled in afterschool programs would enroll if one were available (Afterschool Alliance 2014). Additional challenges for parents seeking this care to meet work requirements are that these programs may have a very brief annual enrollment period and tend to fill up quickly. They also often only operate for a few hours after school each day (e.g., 3:00–6:00 p.m.) during the school year, leaving parents to find other options during the summer and school breaks (Afterschool Alliance 2014). Further, summer care seems to entail particular challenges; the Afterschool Alliance parent survey found only a third of children reported participating in summer programs in 2014, though 51 percent of families reported a desire for their child to participate in them.

Studies of child care deserts, where the child care supply is significantly lower than the number of children, finds similar gaps across the country (Malik et al. 2018). In Alabama, which proposes work requirements for parents of children as young as 1 in its pending waiver, an estimated 60 percent of people live in a child care desert with a ratio of more than three young children to every licensed child care slot (Malik et al. 2018). Consequently, many parents subject to the requirements may find it difficult, if not impossible, to secure licensed child care.
SUPPLY GAPS ARE EVEN GREATER FOR PARTICULAR FAMILIES

Research also suggests even larger gaps exist for some families.

- **Families with low incomes.** Research on the supply of afterschool programs suggests the gap between families who can enroll their children in afterschool programs and those who cannot but want to is higher in lower-income communities. A 2014 survey of parents found 56 percent of children in communities with concentrated poverty would participate in afterschool programs if they were available. This rate is higher than the national average of 41 percent (Afterschool Alliance 2014), which likely reflects these parents’ concerns about children’s safety and academic success.

- **Families living in rural areas.** The 2014 school-age child care survey found only 14 percent of low-income rural parents reported that their children participated in an afterschool program, and another 44 percent reported that they would enroll their child in a program were it available to them (Afterschool Alliance 2014). Research also finds gaps in child care supply for younger children in these areas, because the demand for care is not sufficiently concentrated to create a robust supply of programs (Henly and Adams 2018), which is obviously concerning for states with sizeable rural populations. In 18 states, more than a third of low-income children younger than age 6 with working parents live in nonmetropolitan areas (Henly and Adams 2018). Though these data are for younger children, the patterns are likely similar for school-age children.

- **Families with nontraditional and part-time work schedules.** Families may need to engage in activities with nontraditional or part-time schedules to meet Medicaid work requirements, but child care accommodating such schedules is scarce. Many child care centers only serve children with traditional schedules and are less likely to accept children needing part-time care. Consequently, families needing care during nontraditional or part-time schedules are highly likely to need to find family, friends, and neighbors to care for their children (Henly and Adams 2018).

- **Parents with infants and toddlers.** Finding care for children younger than age 3 is especially challenging because it is more labor intensive and therefore more costly both to provide and pay for (Henly and Adams 2018). This challenge affects parents in states proposing to only exempt parents with children younger than age 1 from Medicaid work requirements.

Though families will likely struggle to find child care, some states use a grace period and/or gradually phase in work requirements to give parents time to make necessary child care or other
arrangements to comply. The extent of lead time provided to comply with new Medicaid policies could affect how successfully parents meet the work requirements. However, this period is only helpful to parents if states provide timely and effective communication to families about required compliance. As noted earlier, evidence from Arkansas suggests even outreach efforts via phone calls, mail, text messages, and social media may not be effective given many enrollees’ circumstances, such as frequent moves and phone number changes or a lack of internet access (Musumeci, Rudowitz, and Hall 2018). In addition, even if beneficiaries receive messages and letters, complex program rules and requirements may be difficult to understand (Musumeci, Rudowitz, and Lyons 2018).

Another issue that may affect parents’ access to child care is whether they receive assistance finding appropriate care. Child care resource and referral agencies are available in some communities and can help parents identify appropriate and available options. However, these services are not available in all communities, with only 39 states having statewide networks in 2019 (McCready and Dobbins 2018), and parents may not know about them. Though some states indicate they would refer beneficiaries to child care resources under Medicaid work requirements, what this assistance will entail is unclear. Referring parents to a knowledgeable child care resource and referral specialist, in states that have them, would provide the most in-depth support for parents’ search process.

Parents Who Can’t Find Care That Meets Their Needs Face Difficult Options

Parents who cannot find good-quality, affordable child care so they can participate in required activities would have the following options: seek a good cause exemption from participation because of child care challenges, leave their children in suboptimal care or alone, or fail to comply (or get an exemption) and ultimately lose Medicaid benefits.41

SEEK EXEMPTIONS BECAUSE OF INABILITY TO FIND CARE

Some state proposals allow parents who can’t find child care to qualify for good cause exemptions if they can prove their challenges obtaining adequate care. In addition, even when lack of child care is not explicitly listed as grounds for a good cause exemption, states would have leeway to consider child care and other structural barriers to employment as reasons for exempting affected beneficiaries on a case-by-case basis. But questions remain about how these exemptions will be defined, assessed, and verified.

Because child care–related exemptions from Medicaid work requirements have not yet been implemented, it is difficult to know how they will protect families who struggle to find care, or how hard
it will be for families to prove they couldn’t find care. To effectively safeguard families struggling to find appropriate child care, at the minimum, states will need to consider the following questions.

**Do parents know they can ask for an exemption?** Much will depend on whether parents are aware of their options and able to follow through on requesting a good cause exemption (e.g., whether they have internet access if forms must be submitted online). In Arkansas, Medicaid beneficiaries did not often pursue good cause exemptions, but we do not have enough information to determine why (Musumeci 2019). Though more than 10,000 Arkansas Medicaid beneficiaries were subject to reporting requirements in January 2019, only 61 good cause exemptions were filed that month, 56 of which were granted. Therefore states’ decisions about how to inform parents of their options if they cannot find care are critical.

**How complicated are exemptions processes?** Even when exemptions are well publicized, parents could have difficulty obtaining them because of the exemption reporting process, the complexity of exemption rules, and the documentation and frequency of reporting the state requires. Experience from other safety net programs demonstrates complex program rules can result in parents losing assistance despite meeting requirements or qualifying for an exemption (Hahn 2019).

Little is known about processes that will be used for requesting and documenting good cause exemptions. However, the early experience in Arkansas raises concerns that enrollees in other states who qualify for a good cause exemption will nonetheless be at risk of losing Medicaid coverage (Bailey and Solomon 2018; Musumeci 2019).

**How can parents “prove” they cannot find care that meets their needs?** It is not clear what states will consider proof of inability to find child care; whether or how states account for affordability, supply, quality, and logistical barriers; and whether states will accept parents’ judgments of acceptable quality. The following questions may need to be answered:

- **How will parents prove they looked for care?** Will parents have to get signed documents from a certain number of child care providers or programs saying they are full? Will the standard adjust for differences in availability of programs across communities? Will parents have to do this repeatedly, or is once sufficient? How feasible are these requirements given other challenges and barriers facing families?

- **What standards will states set for defining when suitable care is not available?** To assess this, states would need to consider the following questions:
Is child care accessible? How far away is too far? Will states account for transportation issues? Will states understand that for many parents, safety for their school-age children is a paramount concern, particularly in communities experiencing violence? The 2014 survey of parents found lower-income parents were more likely than higher-income parents to cite concerns about their child’s safety getting to and from afterschool programs as a barrier to participation (Afterschool Alliance 2014). It also found transportation is a major challenge for parents in rural areas.

Is child care affordable? How will states assess whether the parent can afford child care? The CCDF program recommends parents spend no more than 7 percent of their income on care, and states establish sliding-scale fees to determine how much families at different income levels can afford to pay. Some states set their sliding-scale fees so families with incomes at the poverty level have no copayment (Tran et al. 2018). Will states use consistent definitions of affordability across both CCDF and Medicaid work requirement standards?

Is child care available when they need it? Will states consider whether available care offers hours compatible with, for example, the coursework a parent wants to take for a particular career at the local community college or a job that requires night shifts? As noted earlier, it can be difficult to find providers who accept children needing care during nontraditional or irregular schedules.

Is child care safe, and will it help the child develop? Will parents qualify for exemptions if they deem the only child care they can find as unacceptable or of too poor quality? What standards will the state use, and how will parents have to document/report them? An important question concerning quality is whether and how these decisions will align with state policies around appropriate care for the CCDF, where states are required to establish basic quality requirements for most child care and will not pay for care by providers not meeting these requirements. Will states align their policy goals for children’s development across these two programs and exempt parents if they cannot find quality care as defined by the CCDF? One challenge with this approach is that many states are increasingly targeting their CCDF vouchers toward center-based options and away from home-based settings, which tend to have more flexible hours (Henly and Adams 2018). This could be challenging for parents needing care during nontraditional work hours to meet work requirements.

Ideally, Medicaid agencies would work with the CCDF and child care community to align their approach to handling these issues with the best practices in the field.
LEAVE THEIR CHILD IN SUBOPTIMAL CARE OR ALONE

As noted previously, parents who cannot find child care but are determined to keep their Medicaid benefits may try to patch together whatever arrangements they can or leave their children home alone while they engage in required activities. Such decisions can be problematic because poor-quality care and/or self-care can place their children’s health and safety at risk (Adams, Tout, and Zaslow 2007; Kerrebrock and Lewit 1999; Peterson 1989). And such arrangements can be unreliable and make it challenging for parents to fulfill their work requirements (Shellenback 2004).

FAIL TO COMPLY (OR GET AN EXEMPTION) AND LOSE MEDICAID BENEFITS

If parents can neither secure appropriate child care nor obtain a good cause exemption because of it, they may not be able to comply with some or all prescribed work requirements (e.g., they may only be able to participate 10 hours a week instead of 20). Failure to meet the participation and reporting requirements or claim an exemption from participation would lead to termination of Medicaid coverage, and procedures for reinstating coverage vary across states.

Parents Could Lose Medicaid Even If They Comply

Ironically, some parents may lose Medicaid coverage even if they comply with work requirements. This is a particular concern in states that have not expanded Medicaid under the Affordable Care Act, wherein work requirements would apply exclusively to traditional Medicaid beneficiaries, consisting entirely of nondisabled parents with incomes below the federal poverty level (Hahn 2019). In these states, parents would no longer qualify for Medicaid coverage because of the Medicaid “subsidy cliff” (i.e., if they satisfied the proposed work requirements through paid employment that caused their income to exceed Medicaid eligibility thresholds; Solomon and Aron-Dine 2018).

Medicaid income eligibility in nonexpansion states can be much lower than in expansion states, such as Alabama and Mississippi, where parents must have incomes below 18 and 27 percent of the federal poverty level, respectively, to qualify for Medicaid (Brooks et al. 2018). This prompted CMS to encourage nonexpansion states seeking to implement work requirements to consider the subsidy cliff in their waiver applications. Whether the safeguards proposed by nonexpansion states can prevent potential coverage losses among low-income parents who satisfy work requirements in these states is unclear.

Finally, as shown in a previous report, work requirements in Medicaid pose other risks to parents’ Medicaid coverage, even among those who meet the requirements, because of challenges reporting
participation and providing documentation (Hahn 2019). Most states have yet to determine how they will ask beneficiaries to attest to and document their compliance. State decisions on reporting (e.g., mode, frequency, documentation, rules regarding different activities and exemptions) may introduce opportunities for reporting issues and further complicate work requirements, which parents must successfully navigate to keep their health coverage.47

Conclusion and Policy Implications

The cumulative impact of these realities is that families needing child care to comply with new Medicaid work requirements will likely face several challenges: They may not be eligible for assistance or able to get free or low-cost child care. If they are eligible for the CCDF, they may be at relatively lower priority to receive funds that already only serve about one in seven children eligible under federal guidelines. And even if they get assistance, they may struggle to find care that meets their work schedules or child’s needs. Note that these challenges are not unique to families facing work requirements; finding affordable quality care can be difficult for many families, regardless of whether they face work requirements.

Medicaid work requirements could create hardships for parents whose children will need care to comply for two major reasons: First, parents who have trouble finding quality care may be faced with putting children in care that does not meet their needs, which can risk both their child’s healthy development and the parents’ ability to participate in required activities. Second, parents could lose Medicaid coverage for failing to comply, failing to successfully report compliance, failing to obtain exemptions for which they could qualify, and/or complying and earning above the income cutoff, even with minimal increases in income.48 Losing Medicaid coverage would likely reduce parents’ access to health care, impose higher financial burdens on their families, increase parental psychological distress, and lower health coverage rates for children, which could have negative impacts on their health and other outcomes in the near and long terms (Abramowitz 2018; Brown, Kowalski, and Lurie 2015; Caswell and Waidmann 2017; Cohodes et al. 2014; Dubay and Kenney 2003; Goodman-Bacon 2016; Hu et al. 2018; Hudson and Moriya 2017; McMorrow et al. 2017; Miller and Wherry 2014).

These challenges risk undermining the stated goals of the community engagement requirements (to “help individuals and families to rise out of poverty and attain independence”49), the larger goals of the Medicaid Section 1115 demonstration programs (to “promote better mental, physical, and emotional health”50), and most states’ child care and early education efforts’ goals of supporting children’s development and parents’ economic well-being. In addition, though the current legal scrutiny and
rulings on Medicaid work requirements leave the policy’s future unclear, the child care challenges that could result from these proposals are also relevant for work requirement proposals that include parents in other safety net programs.
Notes

1 New evidence from Arkansas shows work requirement implementation in 2018 increased uninsurance among targeted adults; see Sommers and colleagues (2019).


4 Court rulings have halted the implementation of Medicaid work requirements in Arkansas, Kentucky, and New Hampshire. Arkansas began implementing work requirements in its Medicaid program on June 1, 2018. A lawsuit challenging the work requirements was filed in August 2018. On March 27, 2019, a federal district court judge ruled that implementation of the work requirements in Arkansas must be halted. Kentucky’s work requirement waiver was approved in January 2018 and subsequently challenged in court. On June 29, 2018, a federal district court judge blocked implementation of the work requirements, which were scheduled to begin July 1, 2018. Following a public comment period, Kentucky submitted a revised waiver that still required certain Medicaid beneficiaries to work and received approval from CMS in November 2018, but another lawsuit was filed in January 2019. The federal district court judge again ruled to block the waiver on March 27, 2019. New Hampshire’s work requirements waiver was approved in May 2018, and the state began implementing as of March 2019, though beneficiaries were first required to report activities as of June 1, 2019, a deadline later extended to September 1, 2019. On March 20, 2019, the National Health Law Program, New Hampshire Legal Assistance, and the National Center for Law and Economic Justice filed a lawsuit challenging the waiver. On July 29, 2019, the federal district court judge ruled to block New Hampshire’s waiver. See “A Snapshot of State Proposals to Implement Medicaid Work Requirements Nationwide,” National Academy for State Health Policy.


6 The total count of approved waivers excludes Maine, which has also received CMS approval to implement work requirements but does not intend to proceed with implementation.

7 As of August 15, 2019, 16 states have submitted Section 1115 waiver demonstration applications to CMS to require some Medicaid beneficiaries to work or engage in other specified activities. Of these, nine states (Arizona, Arkansas, Indiana, Kentucky, Michigan, New Hampshire, Ohio, Utah, and Wisconsin) have received CMS approval, and seven states (Alabama, Mississippi, Oklahoma, South Carolina, South Dakota, Tennessee, and Virginia) are pending. For states’ current work requirement waiver statuses, see Heather Hahn, Eleanor Pratt, Eva Allen, Genevieve M. Kenney, Diane K. Levy, Elaine Waxman, et al., “Work Requirements Tracker,” Urban Institute, updated September 19, 2019, https://www.urban.org/features/work-requirements-tracker.


10 See note 4 above.

In its waiver approved by CMS on January 12, 2018, New Hampshire proposed to exempt from work requirements parents living with children ages 6 and under; see Mary C. Mayhew, letter approving New Hampshire’s Section 1115 waiver demonstration, November 30, 2018, https://www.medicaid.gov/Medicaid-CHIP-Program-Information/By-Topics/Waivers/1115/downloads/nh/nh-granite-advantage-health-care-program-ca.pdf. However, on July 8, 2019, New Hampshire passed a bill that, among other changes, would expand the exemption to include parents or caretakers of children ages 12 and under; see S. 290-FN, 2019 Sess. (N.H. 2019). Michigan, New Hampshire, and Tennessee extend work requirements to parents of children ages 6 and under but exempt one parent in each household with a child in the younger age groups. In other states, such as Arkansas, four of the nine states that could be affected (Indiana, Michigan, New Hampshire, and Utah) have received CMS approval to proceed with implementation in 2019 and 2020. However, implementation of Medicaid work requirements in New Hampshire was blocked by a federal court ruling in July 2019.

For simplicity, we use child and children interchangeably when discussing parents’ child care needs.

Information on Medicaid work requirements is drawn from a review of submitted and approved Section 1115 Medicaid waiver applications for the 16 states with pending or approved Medicaid work requirements as of August 15, 2019. Nine of these states, Alabama, Indiana, Michigan, Mississippi, New Hampshire, Oklahoma, South Dakota, Tennessee, and Utah, do not exempt at least one parent in the household, meaning if these requirements are approved and implemented, parents who are not already sufficiently engaged in the required activities may have to navigate child care considerations to comply. For current status, see Heather Hahn, Eleanor Pratt, Eva Allen, Genevieve M. Kenney, Diane K. Levy, Elaine Waxman, et al., “Work Requirements Tracker,” Urban Institute.


See note 4 above.


As of August 15, 2019, four of the nine states that could be affected (Indiana, Michigan, New Hampshire, and Utah) have received CMS approval to proceed with implementation in 2019 and 2020. However, implementation of Medicaid work requirements in New Hampshire was blocked by a federal court ruling in July 2019.

In its waiver approved by CMS on January 12, 2018, New Hampshire proposed to exempt from work requirements parents living with children ages 6 and under; see Mary C. Mayhew, letter approving New Hampshire’s Section 1115 waiver demonstration, November 30, 2018, https://www.medicaid.gov/Medicaid-CHIP-Program-Information/By-Topics/Waivers/1115/downloads/nh/nh-granite-advantage-health-care-program-ca.pdf. However, on July 8, 2019, New Hampshire passed a bill that, among other changes, would expand the exemption to include parents or caretakers of children ages 12 and under; see S. 290-FN, 2019 Sess. (N.H. 2019). Michigan, New Hampshire, and Tennessee extend work requirements to parents of children ages 6 and under but exempt one parent in each household with a child in the younger age groups. In other states, such
as Kentucky, there may be no additional need for child care because one exemption is permitted per household with one or more minor children.

24 Urban Institute tabulations of 2017 American Community Survey. Analysis excludes enrollees reporting Supplemental Security Income receipt or dual Medicare and Medicaid eligibility and is restricted to adults ages 19 and 64.

25 For example, Alabama has a state prekindergarten program (which serves about a quarter of the state’s 4-year-old children), and both Alabama and South Dakota have Head Start programs (serving 9 to 10 percent of the 3- and 4-year-olds in Alabama and about 14 to 16 percent of this age group in South Dakota; Friedman-Krauss et al. 2018).


28 Estimates are based on 2019 state minimum wages in all nine states. Seven of these states do not have minimum wages exceeding the current federal minimum wage of $7.25 per hour. Michigan and South Dakota have higher state minimum wages at $9.45 and $9.10 per hour, respectively. Minimum earned income is calculated by taking the product of the state minimum wage and the minimum required number of total hours worked to maintain compliance with the state’s work requirements over the course of a year, assuming four weeks of work per month. This analysis ignores each state’s specified grace periods, so the minimum annual income Medicaid enrollees may earn to comply with the law year round if they comply with new, paid employment may be overestimated. The number of months needed to fully comply with work requirements varies across states. In Utah, at the low end of this range, parents must complete three months of work requirements to maintain program eligibility for the year and therefore may have less child care needs than Medicaid-enrolled parents in other states.


30 In early 2018, for example, all but seven states nationwide set their CCDF income eligibility limits below the federal cutoff of 85 percent of state median income, and some state cutoffs were below 40 percent of state median income (National Women’s Law Center 2019).

31 In late 2017, only about 16 of the 50 states and the District of Columbia allowed families looking for work to be eligible for child care assistance (Stevens et al. 2017). The Child Care and Development Block Grant Act of 2014 requires states to continue providing child care assistance to families for at least three months while searching for a job if they lose a job while receiving subsidies; it does not require states to provide child care assistance to families engaged in job search at the time they apply for child care.

32 Sarah Minton, email correspondence with author Gina Adams, December 5, 2018.

33 For information on state eligibility rules for CCDF, see https://ccdf.urban.org/.


Neither the federally funded Head Start program nor state prekindergarten programs is usually funded at levels sufficient to serve all eligible children, and not all states invest in state prekindergarten. In the 2016–17 school year, the combined efforts of state prekindergarten, preschool special education, and Head Start were estimated to serve 44 percent of eligible 4-year-olds and 16 percent of eligible 3-year-olds in the country, and these estimates varied widely across states. In the nine states with pending or approved Medicaid waivers, the proportion served ranged from 12 percent in Utah to 84 percent in Oklahoma. These rates in all other states ranged from 20 to 40 percent; see “Table 4: 2016–2017 Enrollment of 3- and 4-Year-Olds in State Preschool, Preschool Special Education, and Federal and State Head Start” in Friedman-Krauss and colleagues (2017).


See Henly and Adams (2018) for a synthesis of the research on child care supply in rural areas.


See Henly and Adams (2018) for a synthesis of research on the challenges of finding child care for infants and toddlers Alabama and South Dakota have proposed to exempt from work requirements parents of children under age 1, though South Dakota’s waiver only affects two counties.


They also can add significantly to the administrative costs associated with the program (Wagner and Solomon 2018). See Andi Rawl, “Kentucky’s Medicaid Admin Costs up More Than 40% after Adopting Work Requirements,” South Carolina Alliance of Health Plans, August 29, 2018, http://www.scalliance.org/kentuckys-medicaid-admin-costs-up-more-than-40-after-adopting-work-requirements/.

New evidence from Arkansas shows work requirement implementation in 2018 increased uninsurance among targeted adults; see Sommers and colleagues (2019).


See note 4 above.
References


About the Authors

**Gina Adams** is a senior fellow in the Center on Labor, Human Services, and Population at the Urban Institute and directs the Low-Income Working Families project and the Kids in Context initiative. She is a national expert on factors that shape the affordability, quality, and supply of child care and early education services and the ability of low-income families to benefit from them. Her recent work focuses on the importance of stabilizing families to support healthy child development and supporting access to quality child care for vulnerable populations.

**Eva H. Allen** is a research associate in the Health Policy Center at the Urban Institute, where she studies delivery and payment system models aimed at improving care for Medicaid beneficiaries, including people with chronic physical and mental health conditions, pregnant women, and people with substance use disorders. Her current research focuses on analyses of Medicaid work requirements, housing as a social determinant of health, and opioid use disorder and treatment. Allen holds an MPP from George Mason University, with emphasis in social policy.

**Anuj Gangopadhyaya** is a research associate in the Health Policy Center. His primary research investigates links between health and human capital. His work has focused on whether subsidized public health insurance improves health, family income, and education achievement outcomes for children in low-income families. His research at Urban includes identifying and measuring the impact of public housing assistance on child health. He received his PhD in economics from the University of Illinois at Chicago.

**Genevieve M. Kenney** is a senior fellow and codirector of the Health Policy Center. She has been conducting policy research for over 25 years and is a nationally renowned expert on Medicaid, the Children’s Health Insurance Program (CHIP), and broader health insurance coverage and health issues facing low-income children and families. Kenney has led a number of Medicaid and CHIP evaluations and published over 100 peer-reviewed journal articles and scores of briefs on insurance coverage, access to care, and related outcomes for low-income children, pregnant women, and other adults. In her current research, she is examining implications of the Affordable Care Act, how access to primary care varies across states and insurance groups, and emerging policy questions related to Medicaid and CHIP. She received a master’s degree in statistics and a PhD in economics from the University of Michigan.
Statement of Independence

The Urban Institute strives to meet the highest standards of integrity and quality in its research and analyses and in the evidence-based policy recommendations offered by its researchers and experts. We believe that operating consistent with the values of independence, rigor, and transparency is essential to maintaining those standards. As an organization, the Urban Institute does not take positions on issues, but it does empower and support its experts in sharing their own evidence-based views and policy recommendations that have been shaped by scholarship. Funders do not determine our research findings or the insights and recommendations of our experts. Urban scholars and experts are expected to be objective and follow the evidence wherever it may lead.