



Guidance on Medicaid Work and Community Engagement Requirements Raises Many Important Questions

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The Centers for Medicare and Medicaid Services (CMS) issued guidance yesterday that clears a path for states to make “work or other community engagement” activities a condition of Medicaid eligibility as part of 1115 waiver demonstration projects.¹ And just today, Kentucky received approval for its 1115 waiver, which includes work and community engagement requirements as a condition of eligibility.² Mandating work or community engagement activities represents a dramatic departure from Medicaid policy over the past 50 years. Previously, only voluntary linkages to job search and training programs had been allowed (Hahn et al. 2017). According to the new CMS guidance, qualifying activities will include employment, job search, job training, education, tribal employment programs, volunteering, and caregiving. Groups who would be exempt from the requirements include children, elderly people, pregnant women, and those who are medically frail or who have disabilities or an acute condition that prevents them from complying with the requirements. States would also need to make reasonable modifications for other individuals who have health conditions that make it hard for them to work and for those with opioid and other substance use disorders.

Although work or community engagement requirements would be new to Medicaid, other key programs serving low-income individuals and families, including Temporary Assistance for Needy Families (or TANF, also known as cash assistance or welfare), the Supplemental Nutrition Assistance

Program (or SNAP, formerly known as food stamps) and some housing assistance agencies (select Moving to Work programs), already include work-related requirements of some kind.

A recent Urban Institute report summarizes the evidence on work and community engagement requirements in these programs (Hahn et al. 2017), including state-by-state information on work requirement policies (see table 1 for highlights). Most of the evidence on impacts of work requirements comes from evaluations of TANF in the early 2000s, which found that although incomes rose modestly at the time such policies were implemented, incomes remained below the federal poverty level, employment was unstable, and income gains decreased with time. More recent research from SNAP also shows that incomes did rise when work requirements were implemented, but recipients were not typically lifted out of poverty (Carlson, Rosenbaum, and Keith-Jennings 2016).

TABLE 1

Summary of Work Requirements in TANF, SNAP, and Housing Assistance Programs as of December 2017

Program	For whom?	Exemptions	What is required?	Consequences	State variation?
TANF	For families receiving TANF cash assistance, federal law requires states to engage at least 50 percent of all families with a work-eligible individual and 90 percent of two-parent families with two work-eligible individuals.	Yes, but varies by state. Federally recognized exemptions include single parent with a child under 12 months old, parents caring for disabled family member, and recipients sanctioned in certain situations. States may choose to exempt other individuals or groups from work activities, but the exemption does not remove the individuals from the calculation of the state’s federal work participation rate.	Specific work-related activities (e.g., unsubsidized or subsidized employment; job search and readiness; job skills training) for a minimum number of hours per week	States face federal financial penalties for not meeting work participation rate. States establish consequences for TANF, ranging from warnings to termination of benefits.	Yes, state rules for cash assistance recipients vary in activities available, timing, and exemptions.
SNAP	One work requirement for able-bodied adults ages 16 to 59 One work requirement for ABAWDs ages 18 to 49	Adults are exempt from the general work requirement if they are disabled, caring for disabled family members, caring for children under age 6, participating in treatment or rehabilitation, or enrolled in school, training or higher education at least half time. ABAWDs are exempt if they are under age of 18, over age 49, pregnant, disabled, caring for a child or disabled family member, or already exempt from general SNAP work requirements.	Federal rules require that able-bodied adult recipients register to work, accept a job if offered, and not quit a job without good cause. ABAWDs must work 20 hours a week in order to receive SNAP for more than three months within three years	States determine consequences within federal maximum limits. Consequences become more severe with repeated violations and range from temporary reductions in benefits to permanent disqualification for violating household member or temporary termination of household’s full benefit.	Yes, some states have statewide of partial ABAWD waivers, states also vary if they offer employment and training and if it is mandatory or voluntary
Housing	Some public housing tenants and housing choice voucher participants in select Moving to Work demonstration public housing authorities	Depends on public housing authority. All public housing authorities exempt elderly, disabled and those physically or mentally unable to engage in work activities.	Depends on public housing authority. Some require wage employment, others require work-related activities. Hours required range from 15 to 37.5 hours a week.	Depends on public housing authority. In some, noncompliant tenants can be evicted from public housing and have their housing assistance terminated.	Yes, public housing authorities involved in the Moving to Work demonstration can set work requirements.

Sources: Falk, McCarty, and Aussenberg (2014).

Notes: ABAWD = able-bodied adult without dependents; SNAP = the Supplemental Nutrition Assistance Program; TANF = Temporary Assistance for Needy Families. For more information on TANF, see the Personal Responsibility and Work Opportunity Reconciliation Act of 1996, Pub. L. No. 104-193, 110 Stat. 2105; Falk, McCarty, and Aussenberg (2014); GAO (2017); and Giannarelli et al. (2017). For more information on SNAP, see Falk, McCarty, and Aussenberg (2014); GAO (2017), and “Able-Bodied Adults without Dependents (ABAWDs),” Food and Nutrition Service, last published October 25, 2017, accessed December 19, 2017. For more information on housing assistance, see Falk, McCarty, and Aussenberg (2014) and Webb, Frescoln, and Rohe (2015).

CMS is encouraging state Medicaid programs to align work and community engagement requirements in Medicaid with TANF and SNAP requirements, but Medicaid programs are permitted to define work and community engagement more broadly than these other programs. The US Department of Agriculture sent a letter to states on November 30, 2017, signaling openness to expanding existing work requirements in SNAP.³

Many important questions remain unanswered about the impacts and costs of work and community engagement requirements in TANF, SNAP, and housing assistance programs. Adding such requirements to Medicaid, a health insurance program designed to help people address physical and mental health problems that can affect their ability to find and retain jobs, raises additional issues. Given that CMS is approving work and community engagement requirements through waivers designed to test new provisions in Medicaid, we propose important questions for careful consideration by states and CMS.

First among these are considerations as to how new rules may affect access to health care coverage and what their impact on family health and well-being may be:

- **How do work and community engagement requirements in Medicaid affect health insurance coverage? Will such requirements lead to gains in private health insurance coverage?** If current Medicaid beneficiaries have trouble meeting documentation requirements even if they are already working or would qualify for an exemption, how will their coverage be affected? What happens to participants who may be disenrolled because of administrative errors related to these new requirements? How will states evaluate the impact of work requirements on the health outcomes of individuals who lose or fail to obtain Medicaid coverage as a result of not meeting these new requirements?
- **How do work and community engagement requirements in Medicaid affect a person's access to and receipt of health care, physical and mental health, well-being, employment, and other health and economic outcomes?** Access to health care to address physical, mental, and behavioral health problems can in turn affect people's health, functioning, and ability to obtain and retain employment (Franklin County Department of Job and Family Services and Ohio Association of Foodbanks 2015). How will states assess changes in well-being or independence? Do Medicaid work and community engagement requirements lead to changes in mental, behavioral, or physical health problems; self-efficacy, mental health functioning, and population health (e.g., alcohol and drug abuse, child abuse, and suicide rates); amounts of uncompensated care or provider revenue from private payers; or patient access to providers for the people who leave Medicaid and obtain private coverage?
- **Will beneficiaries secure employment that offers sufficient wages and benefits to move them off the program?** How do these jobs affect long-term financial independence and mobility from poverty? Will the jobs available for many workers relieve Medicaid of benefit costs?
- **What are the implications of Medicaid work and community engagement requirements for children?** Although children will be exempt from work requirements, their parents may not be. One concern for families with children is access to affordable child care, which is essential for

allowing parents to engage in the activities required to maintain their Medicaid coverage. High-quality child care is limited, and it is especially limited for parents with nonstandard or unpredictable work or training schedules and during periods or times of day when children are out of school (Hahn et al. 2016). Will parents of school-age children and children with disabilities be guaranteed appropriate and affordable child care (including before- and after-school care) while they are working or engaged in work activities?

Another complex array of decisions will shape implementation of the program:

- **Who would administer and enforce work and community engagement requirements in Medicaid, and what are the administrative costs of developing and maintaining the infrastructure for implementing these requirements?** Lessons from other programs indicate that implementing new work requirements will entail developing or adapting information systems, training staff, and supporting an ongoing increased staff workload, which can be expensive (Holcomb and Martinson 2002). TANF caseworkers often spend considerable time monitoring and enforcing work requirements (Hahn and Loprest 2011), and because Medicaid reaches many more people than TANF, substantial new resources would likely be necessary. CMS encourages alignment with TANF and SNAP programs to reduce administrative burden, and although most states have made progress integrating enrollment and eligibility systems among health and human services programs, challenges remain around data sharing, alignment of policies and rules, and adequate funding for systems improvements (ASPE 2016).
- **How are beneficiaries expected to report compliance with work and community engagement requirements in Medicaid?** If beneficiaries are responsible for reporting their activities, how frequent is the required reporting, what type of documentation is required, and what types of technological access will beneficiaries need to submit their documentation? How will states fund needed infrastructure to support reporting (such as access to affordable broadband internet for beneficiaries)? What supporting documentation from beneficiaries will be required to qualify for exemptions? How will states assess whether beneficiaries understand the exemptions process and how to obtain needed documentation?
- **How will states provide access to needed resources and supports to help Medicaid beneficiaries meet the work requirements, and how will CMS determine that the resources available are adequate?** States are required to describe what assistance and links to services and supports will be available for individuals who might face barriers to participation in work requirements. However, use of federal Medicaid matching funds for work supports, such as job training or other employment services, child care assistance, and transportation for people without disabilities, is not allowed in these Medicaid demonstrations. How will states ensure adequate supports given that federal funding is limited for programs such as housing assistance, child care assistance, and workforce training? How will CMS assess whether adequate community resources and assistance are available to Medicaid beneficiaries attempting to meet these new requirements?

- **Are jobs available for individuals who would be subject to work and community engagement requirements in Medicaid, particularly for those who may have limited education or face other barriers to employment?** Rationales for work requirements are built on the expectation that jobs are available and that work requirements ensure people do not depend on government assistance instead of working. With the current strong economy, jobs are more likely to be available than during a recession. But some jobs available in the current economy offer low wages and few fringe benefits and are temporary or involve unpredictable, fluctuating schedules (Ben-Ishai 2015), making it difficult even for those who seek to work full time to support themselves and their families. How will states fund and support necessary infrastructure to ensure that adequate employment opportunities and work and job search supports are available for every Medicaid beneficiary subject to these requirements? Will some families with working adults still need assistance to meet basic needs?
- **Who will be exempt from Medicaid work and community engagement requirements, and how will they be identified?** All programs that apply work requirements recognize that some individuals may not be able to meet them for many reasons. Individuals eligible for Medicaid typically face more health challenges than the general population, posing complex questions on how to effectively determine when work requirements may not be appropriate. How will states define medical frailty? What data do states have available to make this assessment? How will states assess whether individuals with health conditions are able to work? How will work and community engagement requirements be implemented for beneficiaries with substance use disorders who are unable to access effective treatment because of a shortage of treatment providers? Will states be required to expand access to evidence-based treatment for opioid use disorder and other substance use disorders?

As information becomes available on approved state plans, these questions will need to be sharpened to fit each state's specifics, such as its approved Medicaid provisions and specific structures for work requirements in SNAP and TANF. These details will likely raise additional questions, such as what the consequences will be for not meeting requirements and how appeals processes will be structured.

Medicaid is a linchpin of the US health care system, providing access to critical services that affect the health and well-being of millions of individuals and families. As such, adoption of major changes in the program need to be considered very carefully, and particular attention should be given to what the consequences may mean for affected individuals and families and for community well-being. As we have discussed, new requirements will introduce new costs and complexity, and states will need to make a host of decisions to implement work and community engagement requirements. Given estimates that the majority of Medicaid enrollees either are already working or would likely be exempt from the new requirements, it is important that states consider the full costs and benefits of the policy change (Garfield and Rudowitz 2017).⁴ Experience with work requirements in other programs suggests it is far from certain that available jobs for many participants will offer wages and benefits that can reduce the

need for Medicaid coverage and achieve program savings in the long run. As state waiver requests are considered, CMS and state leaders will need to wrestle with many questions.

Notes

1. Brian Neale, “RE: Opportunities to Promote Work and Community Engagement among Medicaid Beneficiaries,” Centers for Medicare & Medicaid Services, January 11, 2018, SMD 18-002.
2. Brian Neale, [letter to office of Kentucky Governor Matthew Bevin](#), January 12, 2018.
3. Brandon Lipps, [US Department of Agriculture letter to all state SNAP commissioners](#), November 30, 2017.
4. Leighton Ku and Erin Brantley, “Medicaid Work Requirements: Who’s at Risk?” *Health Affairs Blog*, April 12, 2017.

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