



SENT VIA ELECTRONIC SUBMISSION

August 15, 2018

The Honorable Alex Azar, Secretary
U.S. Department of Health and Human Services
200 Independence Avenue, S.W. Washington, DC 20201

RE: Comments in Opposition to Kentucky HEALTH 1115 Demonstration Modification Request

Dear Secretary Azar:

We oppose approval of the Kentucky 1115 demonstration project referenced above. The proposal would cause 95,000 low-income residents of Kentucky to lose Medicaid coverage, which is contrary to the goal of Medicaid. If approved, it establishes precedent for similar damage to people in Ohio, which has applied for a similar waiver.

Policy Matters Ohio is a non-partisan, not-for-profit research organization with a mission of contributing to a more prosperous, equitable, inclusive and sustainable Ohio. We were established in 2000 with the support of the Cleveland and Gund Foundations. Our primary source of funding remains national, state and local foundations. We have focused on Medicaid and the Medicaid expansion since 2012 and have [written](#) research papers, issue briefs and testimonies about the program in Ohio.¹

Our comments include citations to supporting research and documents for the benefit of the Centers on Medicare and Medicaid Services (CMS) in reviewing our comments. We direct CMS to each of the items cited and made available to the agency through active hyperlinks, and we request that these, along with the full text of our comments, be considered part of the formal administrative record on this proposed rule for purposes of the Administrative Procedures Act.

Kentucky officials propose to take Medicaid coverage away from people who don't meet work requirements. These new eligibility requirements that will [primarily hurt](#) workers in low-wage jobs, disabled people and their caregivers, who together make up the vast majority of non-elderly adult Medicaid enrollees.² The proposed rigid work requirement of 80 hours of work a month will hurt employees in some of the nation's [most common jobs](#)—food preparation, retail, customer service, janitorial—that offer unpredictable hours and have erratic scheduling.³ [Research](#) demonstrates that almost half of all workers in low-wage occupations will have at least one month a year that their work schedule will not provide enough hours to meet the requirement because of unpredictable and seasonal scheduling.⁴ Under the Kentucky proposal, these workers would lose coverage and face

¹ Policy Matters Ohio webpage on Medicaid and Medicaid expansion at <https://www.policymattersohio.org/tags/medicaid>

² Katch, Hannah, Wagner, Jennifer and Aron-Dine, Aviva, "Taking Medicaid Coverage Away From People Not Meeting Work Requirements Will Reduce Low-Income Families' Access to Care and Worsen Health Outcomes," Center on Budget and Policy Priorities, August 13, 2018 at <https://bit.ly/2BeYNAO>

³ Garfield, Rachel, Rudowitz, Robin and Damico, Anthony, "Understanding the intersection of Medicaid and Work," Kaiser Family Foundation, December 7, 2017 at <https://kaiserf.am/2FhAvUy>

⁴ Aron-Dine, Aviva, Chaudry, Raheem and Broddeus, Matt, "Many working people could lose health coverage due to work requirements," Center on Budget and Policy Priorities, April 11, 2018 at <https://bit.ly/2v5vWs6>

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penalty, being locked out of coverage for 6 months. Their care would be substantially interrupted, which can cause negative health outcomes. Interruptions in Medicaid coverage [can lead to](#) greater emergency department use as well as significant increases in hospitalization for conditions that can be managed on an ambulatory basis.⁵

Many [disabled people](#) who are not receiving Social Security Insurance will not be exempted from the work requirements—and will therefore lose their health coverage—because they cannot afford, obtain and/or update medical documentation of common but disabling conditions that should exempt them from the work requirements,⁶ like diabetic neuropathy of the feet, chronic migraine headache, mental illness, opioid or other substance abuse disorder or injuries that make it hard to stand or walk. An inability to obtain and update documentation would lead to expulsion from the program and a lock-out period, which could be particularly dangerous to people with chronic conditions—and would make it even more difficult for them to find and hold a job.

[Research](#) shows that when a state requires more contact from enrollees or people eligible for a service, enrollment falls.⁷ [Simplicity](#) in program design facilitates enrollment and access to health care,⁸ complexity creates barriers. Access to health care improves health; loss of access is harmful. This is corroborated by [research](#) on the TennCare program, which disenrolled 170,000 people following a change in eligibility requirements. The authors found no evidence of increase in employment rates following the disenrollment, but self-reported health and access to medical care worsened as hospitalization rates, doctor visits, and dentist visits all declined and use of free or public clinics increased. They concluded that reducing health insurance coverage by disenrolling people from Medicaid reduces health care access and worsens health but does not increase employment.⁹

The assumption that work requirements will allow low wage workers enrolled in Medicaid to transition to employer-sponsored health insurance is a [myth](#).¹⁰ In Ohio, [six in 10](#) of the state's largest occupational groups offer low wages and/or few hours, leaving a family of three eligible for public assistance *at the median wage*.¹¹ These job groups are so large that many people will work such jobs throughout their careers. In Ohio, low-wage employers offered health benefits to less than one third of their 1.2 million employees and only 15.2 percent of these workers actually enrolled (roughly 178,000). Fewer than half of employees eligible for health benefits from their low-wage employers enroll in coverage compared to three-quarters of eligible employees in higher-wage establishments, likely because they cannot afford the employee contribution.¹²

Deceptive, misleading or incomplete research is used to make inaccurate claims about Medicaid expansion enrollees and work. For example, an [FGA report](#) falsely claims 58 percent of Medicaid expansion enrollees do not work, yet the footnotes reveal data problems that render this claim

⁵ Paradise, Julia and Garfield, Rachel, "What is Medicaid's Impact on Access to Care, Health Outcomes, and Quality of Care? Setting the Record Straight on the Evidence," Kaiser Family Foundation, August 2, 2013 at <https://kaiserfam.org/2Mff39Y>

⁶ Center on Budget and Policy Priorities, "Harm to People With Disabilities and Serious Illnesses From Taking Away Medicaid for Not Meeting Work Requirements," updated May 9, 2018 at <https://bit.ly/2Mrdx46>

⁷ Laura Dague, cited in Sanger-Katz, Margaret, "When states make it harder to enroll, even eligible people drop Medicaid," NYT article listed in Georgetown Center for Children and Families, January 18, 2018 at <https://bit.ly/2nD0a2G>

⁸ Sanger-Katz, Margaret, "The goal was simplicity: instead, there is a many-headed Medicaid," New York Times, January 28, 2015 at <https://nyti.ms/2w9lOKZ>

⁹ DeLeire, Thomas, "The Effect of Disenrollment from Medicaid on Employment, Insurance Coverage, Health and Health Care Utilization," NBER Working Paper No. 24899, August 2018 at <http://www.nber.org/papers/w24899.pdf>

¹⁰ Woodrum, Amanda, "Employer sponsored health insurance falls short," Policy Matters Ohio, August 2, 2018 at <https://bit.ly/2AvOwAK>

¹¹ Halbert, Hannah, "Working for less: Too many jobs pay too little," Policy Matters Ohio, April 30, 2018 at <https://bit.ly/2K94eRk>

¹² Woodrum, Amanda, Op.Cit.

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unsubstantiated: they did not have data from all states, and failed to identify which states were included in their analysis and which excluded.¹³ A recent [Council on Economic Advisors](#)¹⁴ report also mischaracterizes several highly regarded academic studies, ignores the realities of the low-wage labor market, and paints a misleading picture of basic assistance programs, the people they serve, and the [ability of proposals](#) that take away people's basic assistance to increase work.¹⁵ At the same time, a careful examination of census data by the Kaiser Foundation reveals that nationally, [60 percent](#) of non-elderly adults enrolled in Medicaid do work.¹⁶ The Center on Budget and Policy Priorities calculated that in Ohio, the share is [61 percent](#).¹⁷

This kind of misleading information does not support proposals like Kentucky's; it further exposes the fallacy of premising Medicaid eligibility on work requirements. It has been a false premise since CMS encouraged states to use such policy. [Literature cited](#) in the CMS guidance on work requirements included studies that found non-standard, low-paid jobs like those held by Medicaid enrollees to be harmful to physical and mental health.¹⁸

Kentucky's 1115 work requirement proposal should be denied by CMS. Because the premise of the policy leads to loss of health coverage and decline in access to health care, it is counter to the goals of Medicaid and the 1115 demonstration project. No state should be allowed to implement eligibility requirements such as this.

Thank you for the opportunity to comment.

Sincerely,

A handwritten signature in black ink, appearing to read "Wendy Patton".

Wendy Patton
Senior Project Director

¹³ Eardley, Victoria and Horton, Nick, "Obamacare's not working: How Medicaid expansion is fostering dependency," FGA, July 12, 2018 at <https://bit.ly/2Mfflbs>

¹⁴ The Council of Economic Advisors, "Expanding Work Requirements in Non-Case Welfare Programs," July 2018, <https://bit.ly/2L3DYfn>

¹⁵ LaDonna Pavetti, "Evidence Counters CEA Claims on Work Requirements," Center on Budget and Policy Priorities, July 30, 2018, <https://bit.ly/2nGeF5T>

¹⁶ Garfield, Rachel, et.al., Op.Cit.

¹⁷ Patton, Wendy, "Fact Sheet: Medicaid Works, Work Requirements Don't," Policy Matters Ohio, February 6, 2018 at <https://bit.ly/2J5pfMT>

¹⁸ Patton, Wendy, "Medicaid work requirements deceptively cite academic research," Policy Matters Ohio, May 10, 2018 at <https://bit.ly/2LnvvRp>

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