Policy Matters Ohio

TESTIMONY
June 15, 2017

Contact: Wendy Patton
wpatton@policymattersohio.org
614.221.4504

Medicaid: Barriers to care in the operating budget

Testimony before the Senate Finance Committee (House Bill 49)

Wendy Patton, Senior Project Director

Good afternoon Chairman Oleslager, Ranking Member Skindell and members of the Committee. Thank you for the opportunity to testify. I speak on behalf of Policy Matters Ohio, a non-partisan, not-for-profit research organization with a mission of contributing to a more prosperous, equitable, inclusive and sustainable Ohio. We ask you to protect the Medicaid expansion, but without barriers to care: work requirements and premiums.

Nearly a thousand people protested to the Centers for Medicare and Medicaid Services last year against the "Healthy Ohio" waiver proposal which included premiums on adult Medicaid enrollees. The waiver was rejected. Premiums are proposed again in House Bill 49 for Medicaid enrollees earning between 100 percent of the federal poverty line ($11,880 a year or $990 a month for a single adult without children) and the income ceiling of 138 percent of poverty ($16,400 or $1,367 a month for a single adult.) Table 1 illustrates that people eligible for Medicaid live well below the level of self-sufficiency and lack money to pay for premiums.

Table 1

Medicaid-eligible urban and rural Ohioans earn far less than self-sufficiency standard

Category of expenditure	Franklin County	Adams County
Housing	$635	$501
Food	$249	$225
Child care	$0	$0
Transportation	$259	$247
Health care	$166	$168
Other necessities	$131	$114
Taxes	$302	$209
Monthly total for self-sufficiency	$1,742	$1,464
Annual total needed	$20,904	$17,568
Maximum monthly for Medicaid eligibility	$1,367	$1,367
Maximum annual earnings for Medicaid	$16,400	$16,400

Source: Policy Matters Ohio based on the University of Washington, Center for Women's Welfare, self-sufficiency standard for Ohio, 2015 at http://selfsufficiencystandard.org/ohio This is a self- sufficiency budget for a single adult.

For people on very limited incomes – like those on Medicaid – premiums decrease use of health care services. Low-income individuals are especially sensitive to increases in medical costs. Modest co-payments can reduce access to necessary medical care.[1] The Rand Corporation's Health Insurance Experiment, a long-term, experimental study of cost sharing, found that health care *without barriers* improved serious symptoms among the sickest and poorest patients.[2] Here in Ohio, MetroHealth Hospital's early experiment with Medicaid expansion had similar findings: The expansion of readily accessible care, without cost, enhanced health.[3] A study in the *Journal of Health Economics* found that among those earning less than 150 percent of the federal poverty level, a monthly premium of up to $10 causes 12 to 15 percent of enrollees to drop out within the first few months of coverage.[4] As you may recall, the Kasich Administration projected that the Healthy Ohio waiver proposal would reduce enrollment by 125,000 to 140,000 people in each of the five years of the demonstration project.[5]

Median hourly wages in Ohio are below the national average, and many struggling people and families need Medicaid coverage.[6] Those who would be hurt the most by premiums are low-income workers in Ohio's low-wage labor market, working in Ohio's largest job categories (Table 2). (Table 2 assumes a 40-hour a week job, year round, but the reality of many of these jobs is that "full time" means far fewer hours a week than 40.)

Table 2

Largest occupations in Ohio, by employment, Median annual wage and wage as share of poverty

Occupation	Employment	Median annual wage	As share of poverty (family of three)
Combined Food Preparation and Serving Workers, Including Fast Food	170,620	$19,151	95.3%
Retail Salespersons	162,130	$21,347	106.3%
Registered Nurses	126,270	$62,464	310.9%
Cashiers	118,300	$19,640	97.8%
Laborers and Freight, Stock, and Material Movers, hand	103,990	$25,065	124.8%
Office Clerks, General	95,280	$29,465	146.7%
Waiters and Waitresses	91,640	$19,212	95.6%
Janitors and Cleaners, Except Maids and Housekeeping Cleaners	85,300	$22,970	114.3%
Customer Service Representatives	85,050	$31,443	156.5%
Stock Clerks and Order Fillers	170,620	$19,151	95.3%

Source: Ohio Labor Market Information, Occupation and Employment Statistics, May 2015, updated to June 2016, available at http://ohiolmi.com/oes/oes.htm accessed 6/14/2017. Calculation of median annual income as a share of the poverty rate by author. Poverty rate based on 2016 HHS guideline for a family of 3, $20,090.

[1] Office of the Assistant Secretary for Planning and Evaluation, "Financial Condition and Health Care Burdens of People in Deep Poverty," United States Department of Health and Human Services, July 16, 2015
[2] Robert H. Brook et.al., "The Health Insurance Experiment: A Classic RAND Study Speaks to the Current Health Care Reform Debate," http://www.rand.org/pubs/research_briefs/RB9174.html
[3] Randall D. Cebul, Thomas E. Love, Douglas Einstadter, Alice S. Petrulis and John R. Corlett, "MetroHealth Care Plus: Effects Of A Prepared Safety Net On Quality Of Care In A Medicaid Expansion Population," Health Affairs, July 2015 vol. 34 no. 7 pp. 1121-1130 at http://content.healthaffairs.org/content/34/7/1121.abstract
[4] Laura Dague, "The effect of Medicaid premiums on enrollment: A regression discontinuity approach," Journal of Health Economics 37 (2014) 1-12.
[5] Ohio Department of Medicaid, Healthy Ohio Plan summary at http://www.medicaid.ohio.gov/Portals/0/Resources/PublicNotices/HealthyOhioHSA/HealthyOhio-Summary.pdf
[6] Amy Hanauer, "Still Struggling: State of Working Ohio, 2016, Policy Matters Ohio, September 2016 at https://www.policymattersohio.org/files/research/sowo-2016-final.pdf

Work requirements have been found to be either ineffective or harmful.[7] Medicaid expansion by and large benefits low-income workers in the kinds of job categories shown in Table 2. The Governor's assessment of the Medicaid expansion population found 43 percent were working, and 75 percent of the remainder were looking for work.[8] Work requirements for this group are redundant, because this group is working or looking for work in the churning low wage labor market, where jobs start and stop with seasonal demand, temporary jobs begin and end, and plants and restaurants open and close.

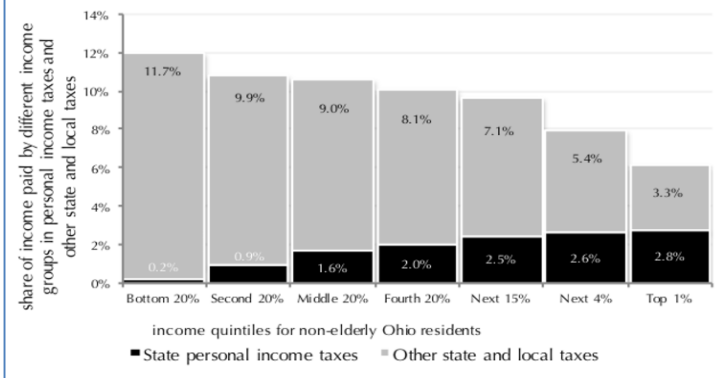
Work requirements are burdensome, because some people at some points in their lives can't work. The 14 percent of Ohio's Medicaid expansion population that was found to be neither working nor looking for work may have been caring for an ill family member, had a subtler disability (a construction worker who loses a limb; a factory worker who cannot read) or were afflicted by a level of autism. Moreover, in some places, there are not many jobs. People are exempted from work requirements for food assistance in 16 Ohio counties for this reason: Adams, Clinton, Coshocton, Gallia, Highland, Huron, Jackson, Jefferson, Meigs, Monroe, Morgan, Noble, Ottawa, Perry, Pike and Scioto. There are also five cities eligible for such an exemption: Cleveland, Lorain, Maple Heights, Warren. Youngstown and Zanesville.

According to the Center on Budget and Policy Priorities, work requirements generally have been unsuccessful in increasing long-term employment.[9] Evaluations of programs that have imposed work requirements on poor cash assistance recipients found modest increases in employment only in the short term; within five years, employment among comparable cash assistance recipients *not* subject to a work requirement was the same or higher than employment among the individuals subject to the requirement. (Also of note, the earnings gains associated with the short-term employment gains generally were insufficient to help people escape poverty.)

Some say premiums are needed for Medicaid services so low-income enrollees have some "skin in the game. " They already do. On average, they contribute nearly twice the share of their income in state and local taxes as the top 1 percent.

Figure 1

Ohio's state and local tax structure is lightest on the rich, heaviest on the poor



Source: Institute on Taxation & Economic Policy, April 2016. Based on 2012 income levels and includes non-elderly Ohio residents. Shows permanent, fully-phased-in law in Ohio enacted through April 1, 2016 at 2012 income levels, including personal income tax rate decreases, preferential treatment of business income, means-testing of retirement credits and a cigarette tax increase. Changes made to Ohio's municipal income tax system in December 2014 are not reflected.

[7] LaDonna Pavetti, "Work Requirements Don't Cut Poverty, Evidence Shows," Center on Budget and Policy Priorities, updated June 7, 2016, http://www.cbpp.org/research/poverty-and-inequality/work-requirements-dont-cut-poverty-evidence-shows.
[8] Ohio Medicaid Group VIII Assessment, http://medicaid.ohio.gov/portals/0/resources/reports/annual/group-viii-assessment.pdf
[9] LaDonna Pavetti, Op.Cit.

Ohio's Medicaid expansion has succeeded in improving people's lives and productivity through expanded health care that has helped people work and get back to work. Unemployed participants interviewed for the Administration's assessment of the Medicaid expansion overwhelmingly reported that having access to health care made it easier for them to seek employment. The majority of workers enrolled through the expansion reported that Medicaid participation made it easier to maintain their jobs. The report found that even in the short time that has passed since Medicaid expansion, people who gained coverage through it reported gains in physical and mental health status, as well as an increase in financial security and health security.

Charging premiums and imposing work requirements pose barriers to health care and as such will prevent Ohioans from getting ahead through better health.

Thank you for this opportunity to testify.

###

Policy Matters Ohio is a nonprofit, nonpartisan state policy research institute with offices in Cleveland and Columbus.