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## Commentary: As Predicted, Arkansas' Medicaid Waiver Is Taking Coverage Away From Eligible People

By Jennifer Wagner

Six months into Arkansas' Medicaid waiver, we now have direct evidence on the effects of taking away Medicaid coverage for not meeting work requirements. Unfortunately, it corroborates the most pessimistic projections.

Since June, Arkansas has required some enrollees to document that they work or engage in other work activities (e.g., job training or volunteer work) for at least 80 hours per month, unless they report that they qualify for limited exemptions. Before Arkansas began implementing its new policy, we and others predicted that it would lead to large coverage losses, including among beneficiaries who are eligible but get tripped up by red tape, and would not meaningfully increase employment.<sup>1</sup> But since work requirements were unprecedented in Medicaid, we based our initial predictions of the policy's effects on evidence from other types of eligibility restrictions and from work requirements in other federal programs. Here's how those predictions stack up against the data.

**As of December 1, nearly 17,000 Arkansas Medicaid beneficiaries have lost coverage due to the new requirements.** This amounts to nearly 22 percent of all beneficiaries so far subject to the new policy, even higher than the 15 percent coverage loss Kentucky projected would result from its waiver by the fifth year and the 6 to 17 percent coverage loss that Kaiser Family Foundation researchers forecasted could result from implementing work requirements nationwide.<sup>2</sup>

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<sup>1</sup> Jennifer Wagner and Judith Solomon, "States' Complex Medicaid Waivers Will Create Costly Bureaucracy and Harm Eligible Beneficiaries," Center on Budget and Policy Priorities, May 23, 2018, <https://www.cbpp.org/research/health/states-complex-medicaid-waivers-will-create-costly-bureaucracy-and-harm-eligible>; Hannah Katch, Jennifer Wagner, and Aviva Aron-Dine, "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, updated August 13, 2018, <https://www.cbpp.org/research/health/taking-medicaid-coverage-away-from-people-not-meeting-work-requirements-will-reduce>.

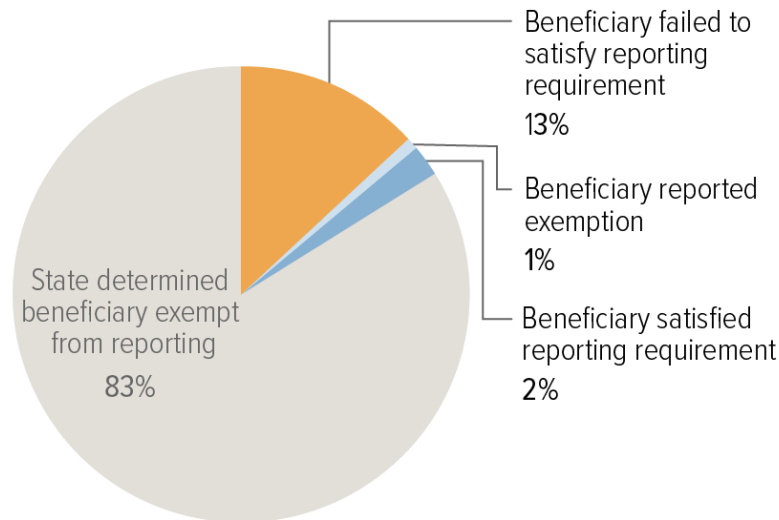
<sup>2</sup> For data availability reasons, we calculate coverage loss as the total cases terminated as of December (16,932) as a portion of the cases subject to the work requirement in September (after all four groups were phased in) plus the number of cases terminated effective September 1. This calculation approximates the reduction in December enrollment, compared to a counterfactual in which the work requirement had not been implemented. (Both the numerator and denominator likely include some people who would have left the program by December even absent the work requirement.) Kentucky HEALTH §115 Demonstration Modification Request, Commonwealth of Kentucky, July 3, 2017, <https://www.medicaid.gov/Medicaid-CHIP-Program-Information/By->

The harm to beneficiaries will likely continue to grow next year, as Arkansas begins extending the policy to beneficiaries aged 19 to 29. (It currently applies to those above 29 but below 50.) Between January and April, Arkansas will subject about 45,000 more beneficiaries to the work requirement, on top of the roughly 77,000 subject to it in 2018.

**Among those subject to the work requirement, 13 percent failed to meet them for November.** (See Figure 1.) The main reason even more Arkansans haven't lost coverage seems to be that most beneficiaries didn't have to report any new information to comply with the work requirement: state data already showed they were working or qualified for exemptions. Among those who needed to report, few succeeded — around 80 percent of those who had to report exemptions or work hours failed to do so last month.

FIGURE 1

### In Sixth Month of Medicaid Work Requirement, Most Arkansas Beneficiaries Still Unable to Navigate Reporting



Source: Arkansas Department of Human Services, Arkansas Works Program November 2018 Report

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**The number losing coverage exceeds the supposed target population: beneficiaries not working and not eligible for exemptions.** Studies estimate that around 4 percent of those subject

[Topics/Waivers/1115/downloads/ky/ky-health-pa2.pdf](#); Rachel Garfield, Robin Rudowitz, and MaryBeth Musumeci, "Implications of a Medicaid Work Requirement: National Estimates of Potential Coverage Losses," Kaiser Family Foundation, June 27, 2018, <https://www.kff.org/medicaid/issue-brief/implications-of-a-medicaid-work-requirement-national-estimates-of-potential-coverage-losses/>.

to the work requirement are not working and do not qualify for exemptions.<sup>3</sup> Yet each month, 13 to 29 percent of those subject to the requirement have failed to report sufficient hours, many of them not reporting any hours.

News accounts corroborate that eligible people are losing coverage.<sup>4</sup> For example, one *working* beneficiary with a chronic condition described losing his Medicaid coverage and then being unable to afford medications, in turn losing his job due to his deteriorating health. Another is rationing her medication after being unable to navigate the reporting requirement and losing coverage, despite *working* 25 to 35 hours each week — which equates to well over the monthly minimum.

**Arkansas’ web portal has created problems, but challenges for beneficiaries go well beyond it.** Many have rightly criticized Arkansas’ decision to restrict reporting to an online portal. More than 20 percent of Arkansas beneficiaries lack internet access, and another 20 percent have no broadband access.<sup>5</sup> In addition, Arkansas’ web portal is unavailable from 9 p.m. to 7 a.m. each day, is not mobile friendly, is not accessible for those with certain disabilities, and requires a complex login procedure.

But while Arkansas officials have announced that they will add a phone reporting option, that will not eliminate the hurdles the policy creates for eligible beneficiaries.<sup>6</sup> These include:

- **Complex rules creating significant confusion among beneficiaries.** Some beneficiaries apparently believed they could maintain their coverage by reporting work hours just once, not realizing they needed to report every month. Also, clients can only count up to 40 hours of job search each month, but several beneficiaries reported over 80 hours of job search for November. These beneficiaries likely thought they were complying as they diligently looked for work and reported their hours but were not actually within the confines of the rigid policy.
- **Lack of staff support.** The state hasn’t hired additional staff to answer questions or make accommodations for individuals with disabilities. Arkansas Human Services Director Cindy Gillespie justified the lack of additional staff by saying, “If you implement [work requirements] in the old-fashioned way of ‘Come into our county office,’ we would have to

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<sup>3</sup> Anuj Gangopadhyaya *et al.*, “Medicaid Work Requirements in Arkansas,” Urban Institute, May 24, 2018, <https://www.urban.org/research/publication/medicaid-work-requirements-arkansas>.

<sup>4</sup> “With new work requirement, thousands lose Medicaid coverage in Arkansas,” PBS News Hour, November 19, 2018, <https://www.pbs.org/newshour/show/with-new-work-requirement-thousands-lose-medicaid-coverage-in-arkansas>; Benjamin Hardy, “Locked out of Medicaid — Arkansas’s work requirement strips insurance from thousands of working people,” *Arkansas Times*, November 19, 2018, <https://www.arktimes.com/arkansas/when-arkansas-works-doesnt/Content?oid=25890378>.

<sup>5</sup> Anuj Gangopadhyaya *et al.*, “Under Medicaid work requirements, limited internet access in Arkansas may put coverage at risk,” Urban Institute, October 29, 2018, <https://www.urban.org/urban-wire/under-medicaid-work-requirements-limited-internet-access-arkansas-may-put-coverage-risk>. Data are for non-elderly, non-disabled Medicaid recipients aged 19-49, the population subject to the work requirement.

<sup>6</sup> Arkansas Department of Human Services, “DHS Expanding Phone Reporting, Outreach for Arkansas Works Enrollees,” December 12, 2018, <https://t.e2ma.net/message/rur8vc/fhtrhs>.

hire so many people — and that just doesn't make sense.”<sup>7</sup> But by not investing in staff and other resources to support enrollees who should be exempt or need help complying with the requirements, Arkansas is creating a bureaucratic maze that is causing many eligible enrollees to lose coverage.

- **Insufficient and ineffective outreach.** Some beneficiaries never learned about the new rules in the first place. The state conducted much of its outreach through social media and online videos that failed to reach much of the population without access to computers or the internet. And although the state along with health plans, providers, and advocates conducted outreach to educate beneficiaries about the new work requirement, they failed to reach many enrollees due to inaccurate phone numbers in case files.<sup>8</sup>

**Arkansas has failed to protect people with disabilities.** While the Centers for Medicare and Medicaid Services (CMS) notified states of their responsibility to comply with the Americans with Disabilities Act, we and others warned that protecting people with disabilities would be impossible.<sup>9</sup> Indeed, Arkansas hasn't adequately explained beneficiaries' rights under the Act, and it lacks a comprehensive system for providing reasonable modifications to protect people with disabilities, such as modifying the hourly requirement or providing support to help people meet the reporting requirement.<sup>10</sup> Due to the lack of protections and the design of the work requirement itself, individuals with disabilities are losing coverage and may face serious harm as a result.

**The data so far appear inconsistent with any meaningful gains in employment as a result of the policy.** While many beneficiaries have met the requirement by working, nearly all of those were people who were automatically deemed compliant because they were *already working* before the new rules took effect or because they complied with work requirements under SNAP (formerly food stamps), which were also *already in place*. Only 371 beneficiaries met the requirement by *reporting* work hours for November. Since at least some of those people would likely have found work anyway, this is likely an upper bound on the policy's effect on employment, and it amounts to about 0.5 percent of beneficiaries subject to work requirements.

That outcome is no surprise in light of evidence that work requirements in other federal programs have had limited effects on employment, and given Arkansas' failure to fund either additional

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<sup>7</sup> Benjamin Hardy, “Medicaid advocate criticizes Arkansas Works’ email-only reporting for work requirements,” *Arkansas Times*, April 28, 2018, <https://www.arktimes.com/ArkansasBlog/archives/2018/04/28/medicaid-advocate-criticizes-arkansas-works-email-only-reporting-for-work-requirements>.

<sup>8</sup> MaryBeth Musumeci, Robin Rudowitz, and Cornelia Hall, “An Early Look at Implementation of Medicaid Work Requirements in Arkansas,” Kaiser Family Foundation, October 2018, <http://files.kff.org/attachment/Issue-Brief-An-Early-Look-at-Implementation-of-Medicaid-Work-Requirements-in-Arkansas>.

<sup>9</sup> “Taking Away Medicaid for Not Meeting Work Requirements Harms People with Disabilities,” Center on Budget and Policy Priorities, updated December 10, 2018, <https://www.cbpp.org/sites/default/files/atoms/files/1-26-18health.pdf>.

<sup>10</sup> Anna Bailey and Judith Solomon, “Medicaid Work Requirements Don’t Protect People With Disabilities,” Center on Budget and Policy Priorities, November 14, 2018, <https://www.cbpp.org/research/health/medicaid-work-requirements-dont-protect-people-with-disabilities>.

workforce development or supports like transportation assistance to beneficiaries in rural communities struggling to access job opportunities.<sup>11</sup>

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<sup>11</sup> LaDonna Pavetti, “TANF Studies Show Work Requirement Proposals for Other Programs Would Harm Millions, Do Little to Increase Work,” Center on Budget and Policy Priorities, November 13, 2018, <https://www.cbpp.org/research/family-income-support/tanf-studies-show-work-requirement-proposals-for-other-programs-would>.