



# State Requests Affecting Medicaid Eligibility under Section 1115 Research and Demonstration Waivers



Medicaid and CHIP Payment and Access Commission

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# Overview

- Background on Section 1115 research and demonstration waiver authority
- Overview of the waiver provisions and the hypotheses being tested
- For each key issue:
  - Describe specific elements of each state's proposal,
  - Review research findings on the effects of these provisions when they have been implemented in other programs including Temporary Assistance for Needy Families (TANF)
  - Discuss possible implications for Medicaid
- Policy questions
- Next steps

# Background on Section 1115 Waiver Authority

- Section 1115 waivers allow states to test approaches to coverage that are not allowed under traditional Medicaid
- The Secretary of the U.S. Department of Health and Human Services (the Secretary) has broad waiver authority under Section 1115
- Use and scope has expanded over time

# State Waiver Requests

State	Work requirement	Time limit	Drug testing
Arizona	✓		
Arkansas	✓		
Indiana	✓	✓	
Kentucky	✓		
Maine	✓	✓	
Utah	✓	✓	
Wisconsin	✓	✓	✓

**Source:** MACPAC 2017 analysis of Section 1115 waiver applications.

# Federal Proposals

- The American Health Care Act and the Better Care Reconciliation Act would both provide a state option to implement work requirements
- States would not have to request Section 1115 waiver authority

# Hypotheses Being Tested

- Work requirements will increase rates of beneficiary employment, participation in job search and employment-related training, and earned income among those who leave the program
- Work requirements and time limits will support beneficiaries transition to commercial coverage and self-sufficiency and decrease reliance on public programs
- Drug screening and testing will lead to improved health and employment outcomes

# Areas for Commission Consideration

- Merits of the proposals
- Relation to the purposes of the Medicaid program
- Issues related to implementation
- Whether Section 1115 authority is the appropriate vehicle for implementing these provisions in Medicaid

# Features of Work Requirement Proposals

## Exemptions to the work requirement

- Individuals determined to be physically or mentally unable or with exemptions from other programs, students and caretakers

## Activities that satisfy the work requirement

- Employment, job training, volunteering
- Participation hours generally set at 20 per week or 80 per month

## Penalties for not satisfying the work requirement

- Disenrollment
- Disenrollment with a lock-out period
- Time limit on enrollment



# Research on the Impact of Work Requirements in TANF

- The TANF caseload declined following implementation of work requirements (50 percent between 1997 and 2010)
- Employment grew among families headed by single mothers, however
  - Gains were not sustained over time
  - Families leaving the program experienced little income growth
- One-third of TANF beneficiaries subject to the work requirement are meeting it
  - Of those, 70 percent meet it through employment
  - Individuals not meeting the requirement face barriers to finding sustained employment
- Tracking beneficiary work and community engagement participation hours has been administratively burdensome for states

# Assessing the Impact of Medicaid Work Requirements

## Coverage losses

- States anticipate reductions in Medicaid enrollment
- Coverage losses also likely among individuals meeting the requirement who are deterred by additional documentation requirements

## Incentivizing employment

- Requires jobs and volunteer opportunities to be available
- Employment does not supplant Medicaid benefits in the same way it supplants cash assistance benefits

# Features of Time Limit Proposals

- Length of the time limit and process for re-enrollment varies by state
- Time limits are closely tied to work requirements
- In all four states, time in which members were enrolled prior to the waiver or qualified through a separate pathway does not count

# Implications of Time Limits

- Difficult to estimate impact of a Medicaid time limit due to lack of data
- In TANF, low rate of disenrollment due to time limits
  - 1.8 percent of closed TANF cases in FY 2013 were due to families reaching the time limit
  - 13 percent of TANF families in FY 2013 had received benefits for four or more years
  - States can extend eligibility past time limit
- However, TANF time limits apply regardless of employment status

# Wisconsin Request for Drug Screening and Testing

- Applicants would be required to undergo a drug screening assessment
- If screening indicates possible substance abuse, applicants would be required to undergo a drug test or agree to undergo treatment
- Applicants testing positive would be referred to treatment and be required to participate
- Applicants who refuse at any stage of the process would be disenrolled but could re-apply for benefits at any time

# Implications of Drug Testing

- Estimated rates of substance use among beneficiaries of public programs vary widely
  - Prior MACPAC work shows higher rate of opioid use disorder among Medicaid adults than privately insured
- 15 states have enacted legislation requiring drug screening or testing for TANF applicants
  - Low numbers of applicants testing positive or dropping out
  - High program cost per positive test
  - Little is known about the extent to which TANF applicants testing positive were referred to treatment
- Coverage losses in Wisconsin could be small, but success of program will depend on availability of treatment
  - Prior MACPAC work shows treatment availability as a barrier to addressing substance use disorder

# Policy Questions

- Potential effects of these new conditions on eligibility
- Lessons from the use of design elements from other programs
- Whether certain features are more appropriate for some populations than others, and how states should identify those populations
- Administrative capacity considerations
- Evaluation strategies

# Next Steps

- Publishing descriptive work on each of these issues separately or together (for example, MACPAC issue briefs)
- Further developing the Commission's views on these provisions to note issues or concerns that the states and the Secretary should consider
- Further analysis based on areas of Commissioner interest





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