



## The Demographics of Missouri Medicaid: Implications for Work Requirements

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### Introduction

State Medicaid Directors were advised in January 2018 that for the first time in Medicaid's 50-year program history, states are allowed to seek federal approval to test work requirements as a condition for coverage.<sup>1</sup> New Medicaid eligibility requirements could require recipients to verify their participation in approved activities such as employment, job search, job training, or volunteering for a certain number of hours per week in order to receive health coverage. Since mid-January 2018, ten states have applied for a federal waiver to add a work requirement to their Medicaid program (with Kentucky's, Indiana's, and Arkansas' already approved), and officials in several other states have stated interest in the idea.

In Missouri, Senate Bill 948 (SB 948) has been proposed to require work activity as a condition of Medicaid eligibility in the state.<sup>2</sup> Due to this proposed legislation and the national discussion, a better understanding of potential implications of this work requirement proposal is needed. This brief examines the Medicaid population in Missouri that would potentially be impacted by work requirements in the state. Specifically, the demographics of nonworking low-income adults help to illustrate employment feasibility and other potential effects of imposing a work requirement.

### Key Findings

- As a Medicaid non-expansion state, Medicaid work requirements in Missouri would potentially apply to a small proportion of the total Medicaid enrollees — fewer than an estimated 55,700 individuals (low-income parents) of over 900,000 enrolled in the program overall. About 45,400 of these estimated 55,700 enrollees are not meeting the proposed minimum of hours worked per week.
- Characteristics of the 45,400 recipients who worked fewer than 20 hours per week suggest that they will face challenges obtaining employment due to a lack of job skills and health limitations—the majority have a high school or less educational level (86%); more than one third report fair or poor health (38%); 31% are ages 46 or older; and 23% live in non-metropolitan areas.
- A large share of these recipients could also be excluded from a work requirement—among the 44,400 recipients who did not work at any point during the year, 45% report illness or disability, 38% are taking care of the home or family, and 7% are attending school.

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*Nine out of ten Missouri Medicaid recipients who would potentially be affected by a work requirement are not working due to illness or disability, taking care of the home or family, or going to school.*

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### Background

On January 11, 2018, the Centers for Medicare and Medicaid Services (CMS) issued a letter to State Medicaid Directors announcing support for state efforts to test work requirements as a condition for Medicaid coverage.<sup>1</sup> In the document, CMS outlines new guidance for Section 1115 waiver proposals that seek to impose work requirements for Medicaid beneficiaries, detailing who should be excluded from the new work

requirements and offering suggestions as to what types of activities count as work. In the past, state waiver requests that included work requirements have been denied on the basis that such provisions would not further the program's purposes of promoting health coverage and access.

Kentucky became the first CMS-approved work requirement waiver state on January 12, 2018. In Kentucky, non-disabled Medicaid recipients ages 19 to 64 will be required to participate in work activities at least 20 hours a week in order to qualify for coverage. Alternatives to paid employment include volunteer work, job training, searching for a job, taking classes, or caring for someone elderly or disabled. In accordance with CMS guidelines, certain populations such as pregnant women, full-time students, primary caretakers of dependents, the chronically homeless, and those deemed "medically frail" will be exempt from the work requirement. Following Kentucky's waiver approval, CMS approved Indiana's waiver on February 2, 2018, and more recently, Arkansas' waiver on March 5, 2018.

Similar to the Kentucky, Indiana, and Arkansas waivers, SB 948 in Missouri would require Medicaid participants ages 19 to 64 to complete at least 80 hours of work each month of any combination of specified work, education, job search, child care, or volunteer services in order to maintain eligibility (see box below). However, unlike Missouri, these three states have expanded Medicaid to cover non-disabled childless adults and low income parents up to 138% of the Federal Poverty Level (FPL). Since Missouri has not adopted Medicaid expansion, its program does not cover childless adults (unless they are elderly, disabled, or pregnant) and current eligibility levels for low-income parents and caretakers are set at less than 23% of FPL (\$5,460 per year for a family of four in 2018). Thus work requirements in Missouri would apply to a relatively small population.

*SB 948 requires the Department of Social Services to apply for a waiver and any necessary state plan amendments to implement work and community engagement requirements for certain MO HealthNet participants by January 1, 2019. Participants ages 19 to 64 shall complete at least 80 hours a month of any combination of specified work, education, job search, child care, and volunteer services. The Department of Social Services shall provide reasonable accommodations for individuals with disabilities as defined by the Americans with Disabilities Act, Section 504 of the Rehabilitation Act of 1973, and Section 1557 of the Patient Protection and Affordable Care Act, who are not otherwise exempt from the work and community engagement requirements under this act, to ensure that the participants are able to comply with the requirements, including exemptions, modifications of hours, and the provision of necessary support services.*

*MO HealthNet participants who shall not be required to comply with the provisions of this act include: (1) those under 19 and over 64; (2) those who are medically frail as defined in the act, including those with certain disabilities; (3) those who are pregnant or caring for a child under one year of age; (4) those who are primary caregivers of a dependent child or adult; and (5) those who are also participants of Temporary Assistance for Needy Families or Supplemental Nutrition Assistance Program and are exempt from work requirements under those programs. The Department may permit further exemptions in areas of high unemployment, limited economies or educational opportunities, or lack of public transportation, or for good cause as defined in this act.*

## **Previous Work**

The Kaiser Family Foundation (KFF) has recently published an analysis on the work status of nearly 25 million nonelderly adults without Supplemental Security Income (SSI) who are enrolled in Medicaid.<sup>3</sup> Using the March 2017 Current Population Survey (CPS), which reflects health insurance coverage in 2016, KFF found that the majority of adults on Medicaid already work (60%). Among those who were not working, KFF found that most reported major impediments to their ability to work, including illness or disability (36%), caregiving responsibilities (30%), or school attendance (15%). These national figures include both Medicaid expansion and non-expansion states, and in addition reflect the varying eligibility levels for parents across non-expansion

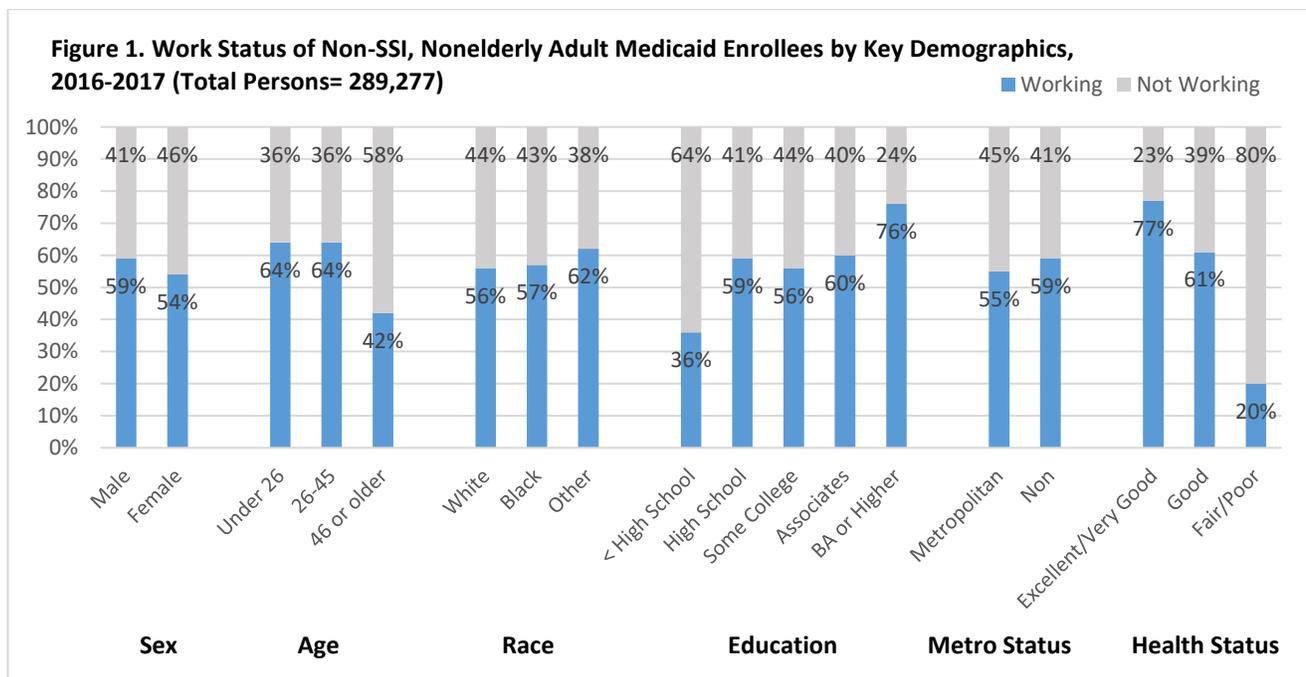
states. As mentioned previously, since Missouri is a non-expansion state where eligibility levels for parents are very low, the population to whom work requirements would apply may look very different.

### Data and Methods

This analysis uses the March 2017 and March 2018 Current Population Survey (CPS), which reports health insurance coverage in 2016 and 2017. Restricting the data to Missouri only, we excluded children and the aged (over age 65), including only adults ages 19 to 64 who indicated that they had Medicaid at some point during the year. We also excluded people who indicated that they received SSI during the year, since these individuals likely qualify for Medicaid on the basis of having a disability and would be excluded from work requirements. To better examine the specific Medicaid population that would be affected by work requirements, we then limited data to those with incomes less than 20% of FPL\*, the eligibility level for low-income parents at the time. However, it is possible that some individuals who would be exempt from work requirements may still be included in this population. Because the CPS does not ask respondents about pregnancy, we could not identify and exclude pregnant women. Some individuals with disabilities who do not receive cash assistance from SSI but who qualify for Medicaid through other disability-related coverage pathways may still be included as well. Additionally, there may be individuals who are primary caregivers of dependent children who would also be exempt from the work requirement. Individuals who worked at any point during the year were classified as “working”. Finally, to look at those who would potentially be most affected by a work requirement, we restricted data to those in this category who worked fewer than 20 hours per week. A diagram of this data process can be found in the appendix.

### Results/Findings

Over the 2016-2017 period more than half (56%) of the average of 289,277 non-SSI, nonelderly adult Medicaid enrollees in Missouri worked. This Medicaid population includes *all* non-SSI, nonelderly adults, including those who qualify for Medicaid through coverage pathways with higher eligibility levels than low-income adults, such as pregnant women (up to 201% of FPL) and non-SSI disabled adults (up to 85% of FPL). Not surprisingly, adults who were younger, with more education or better health, were more likely to work than others (Figure 1).

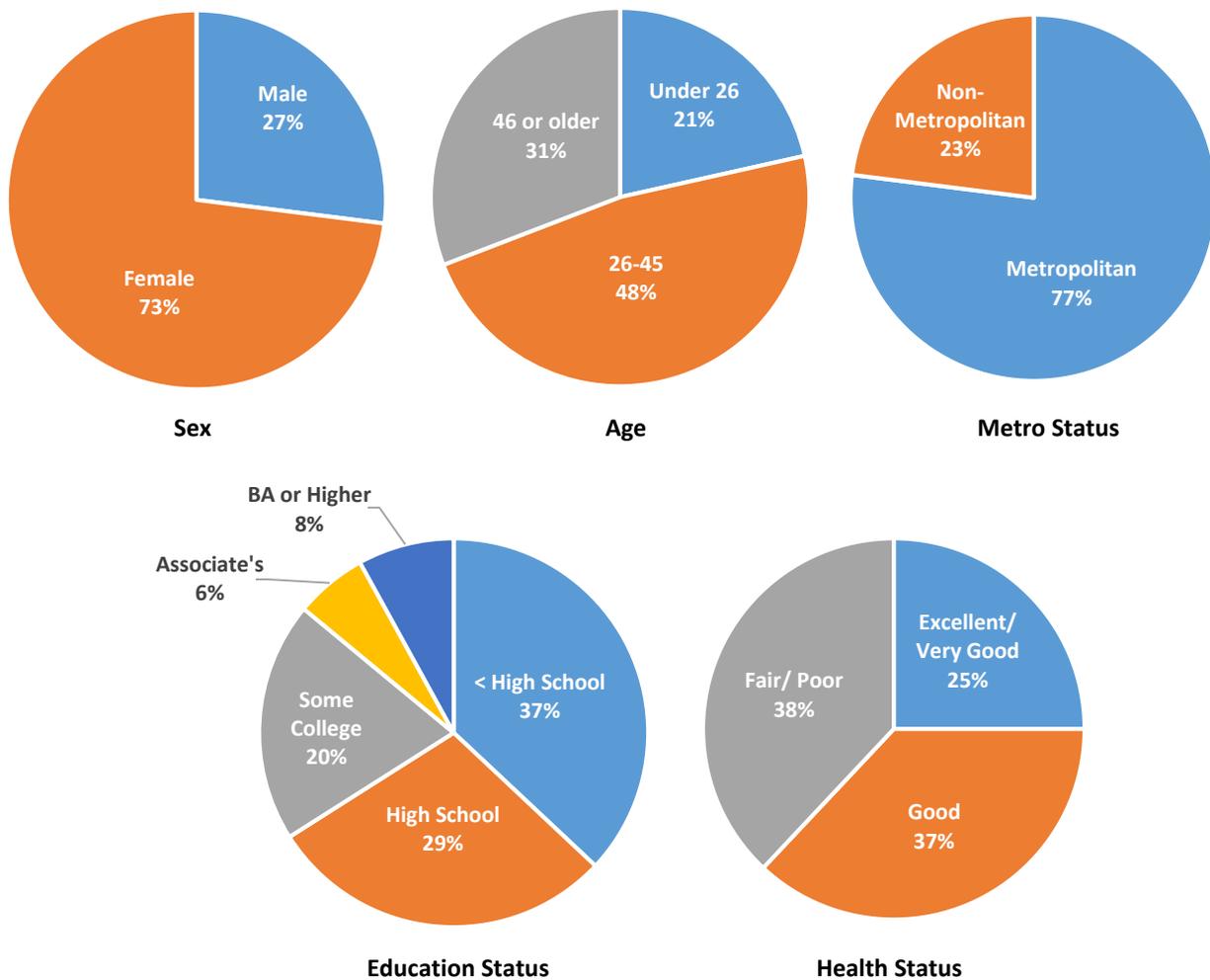


\*Income limits reflect Modified Adjusted Gross income (MAGI)-converted income standards.

Among those with incomes less than 20% of FPL, which was the eligibility level for low-income parents at the time, only 20% of the 55,692 recipients had worked at some time during the previous year, and only 18% would meet the proposed requirement, working 20 hours or more per week.

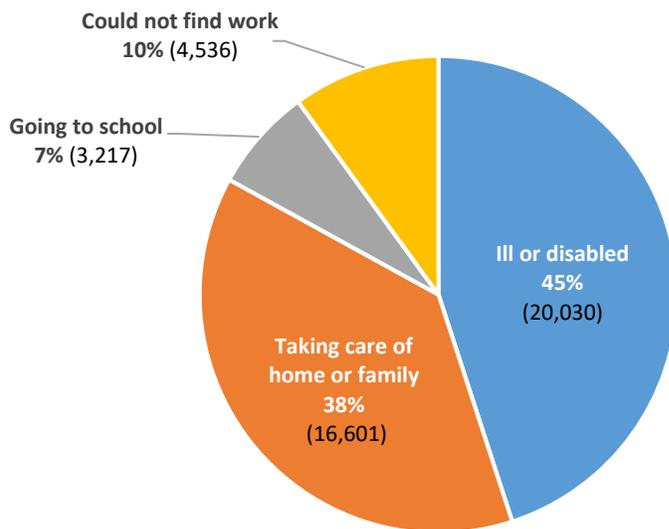
Focusing on those who would *not* meet the proposed work requirement, there were an average of 45,384 non-SSI, nonelderly adult Medicaid enrollees in Missouri with incomes below 20% of FPL who worked fewer than 20 hours per week (see diagram in Appendix). As Figure 2 shows, the majority of these recipients were female (73%) and lived in a metropolitan area (77%). One third of those working less than 20 hours per week were 46 or older (31%), and half had a high school education level (49%, including those with “some college”); 37% had less than a high school education, 6% had an associate’s degree, and 8% had a bachelor’s degree or higher. More than one third of recipients in this group reported fair or poor health (38%); 37% percent rated their health status as good, and 25% rated their health status as very good or excellent (Figure 2).

**Figure 2. Key Demographics of Non-SSI Nonelderly Medicaid Adults with Incomes <20% FPL who Worked <20 Hrs./Week, 2016-2017 (Total Persons = 45,384)**



Among non-SSI, nonelderly adult Medicaid enrollees in Missouri with incomes less than 20% of FPL, there were 44,384 who did not work at any point in the survey year. Of those not working, 45% reported illness or disability as the primary reason for not working; 38% reported taking care of home or family, 7% were going to school, and 10% were looking for work (Figure 3).

**Figure 3. Main Reasons for Not Working Among Non-SSI, Nonelderly Medicaid Adults with Incomes <20% FPL, 2016-2017 (Total Persons= 44,384)**



## Conclusions

As states consider imposing work requirements on Medicaid beneficiaries, it is important that they also consider the characteristics of those who would be affected. An individual's age, educational level, health status, and location all impact employability and the ability to fulfill work requirements. Since Missouri has a much lower eligibility level for Medicaid, a much smaller proportion of Missouri's Medicaid population would be potentially subject to the Medicaid work requirements than would be the case in states that have expanded Medicaid to adults with incomes up to 138% of FPL. Results here show that Medicaid work requirements in Missouri would apply to fewer than 55,700 individuals, of whom about 45,400 recipients are not currently meeting the proposed 20 hours per week work requirement. The actual number is likely to be smaller, as some recipients who would be exempt from work requirements, such as those who are pregnant, disabled, or a primary caregiver of dependent children, may still be included in this estimate due to data limitations. In comparison, Kentucky's Medicaid expansion alone has provided coverage to 462,000 able-bodied adults.

In Missouri, a Medicaid non-expansion state, low-income parents and caregivers who are not meeting proposed work requirements are likely to be older, in worse health, and less educated. About one third are ages 46 or older, 38% report fair or poor health, and 37% have less than a high school level education (only 14% hold an associate's or bachelor's/higher degree). Additionally, a quarter of the population live in non-metropolitan areas, where there may be fewer opportunities for employment or volunteering. Moreover, nine out of ten recipients who did not work reported illness or disability, taking care of the home or family, or going to school, as the primary reason for not working. Thus, a Medicaid work requirement in Missouri would not only have a limited reach among the 900,000+ enrolled in the program overall, but characteristics of recipients also suggest that they will face challenges in the workforce.

<sup>1</sup> Centers for Medicare & Medicaid Services, January 2018.

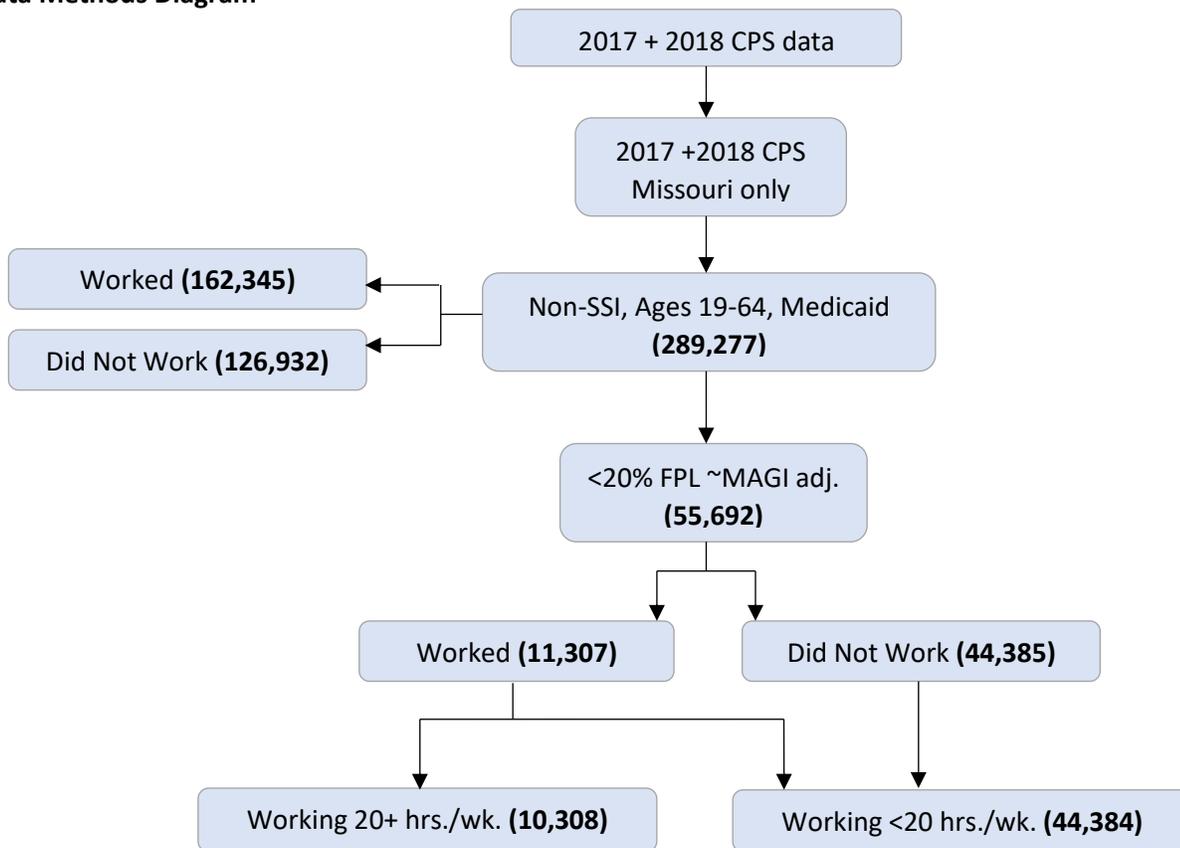
<https://www.medicaid.gov/federal-policy-guidance/downloads/smd18002.pdf>

<sup>2</sup> Missouri Senate Bill 948. [http://www.senate.mo.gov/18info/BTS\\_Web/Bill.aspx?SessionType=R&BillID=72473643](http://www.senate.mo.gov/18info/BTS_Web/Bill.aspx?SessionType=R&BillID=72473643)

<sup>3</sup> Garfield, R., Rudowitz, R., & Damico, A. Understanding the Intersection of Medicaid and Work. Kaiser Family Foundation, February 2017. <https://www.kff.org/medicaid/issue-brief/understanding-the-intersection-of-medicaid-and-work/>

## Appendix

### Data Methods Diagram



Key Demographics of Non-SSI, Nonelderly Adult Medicaid Enrollees					
		All	<20% FPL	<20% FPL Working <20 hrs./wk.	<20% FPL Nonworking
<b>Total</b>		289,277	55,692	45,384	44,384
<b>Age</b>	Under 26	22%	25%	21%	20%
	26 – 45	42%	50%	48%	49%
	46 or Older	36%	25%	31%	31%
<b>Sex</b>	Male	38%	30%	27%	25%
	Female	62%	70%	73%	75%
<b>Race</b>	White	77%	70%	74%	74%
	Black	17%	19%	16%	17%
	Other	6%	11%	10%	9%
<b>Education Level</b>	Less than High School	19%	31%	37%	35%
	High School Graduate	45%	34%	29%	30%
	Some College	16%	20%	20%	21%
	Associate’s Degree	7%	5%	6%	6%
	Bachelor’s Degree or Higher	13%	10%	8%	8%
<b>Metro Status</b>	Metropolitan	74%	81%	77%	79%
	Non-Metro	26%	19%	23%	21%
<b>Self-Reported Health</b>	Excellent/Very Good	43%	32%	25%	26%
	Good	28%	32%	37%	36%
	Fair/Poor	29%	36%	38%	38%