



Trump Administration's new direction for Medicaid

Medicaid work requirements would make the health insurance programme a pathway out of poverty, say top US health officials. Susan Jaffe, *The Lancet's* Washington correspondent, reports.

Only hours after President Donald Trump's nominee, Seema Verma, won US Senate approval a year ago to lead the US\$1 trillion agency responsible for the health care of 130 million Americans, she began to transform it. As head of the US Centers for Medicare and Medicaid Services (CMS), Verma and her superior Tom Price, then-Secretary of the Department of Health and Human Services (HHS), sent the governors of every state an invitation to join them in improving the Medicaid programme. They would return it to its "core, historic mission" to focus on medical care for "the most vulnerable populations", including children, people with disabilities, pregnant women, and impoverished older adults.

Created by Congress in 1965 and funded jointly by state and federal governments, Medicaid serves about 72 million low-income beneficiaries, including those who gained coverage after the Affordable Care Act (ACA) expanded eligibility requirements. Republicans in Congress were unable to repeal the law this past year, but the Trump Administration may have found a strategy to roll back the expansion.

Over the past year, Verma and other top Trump Administration health officials have encouraged states to request federal permission to add new eligibility criteria and raise some costs for Medicaid coverage. So far, three states—Kentucky, Indiana, and Arkansas—are on board and will be requiring some beneficiaries to work at least 80 hours a month or engage in volunteer service, job training, or search for a job. Full-time students, people with disabilities, people caring for a child or elderly relative, and pregnant women are among those who will be exempt from the new rule.

To re-establish Medicaid's pre-ACA mission, officials are expanding the

programme in another direction by using health benefits as incentives they say will help beneficiaries gain employment, improve their quality of life, and, in the process, eventually qualify for other health insurance. Shortly after Alex Azar became HHS secretary in January, he acknowledged this shift when he approved Indiana's application to modify its Medicaid programme.

"It is easy to just hand people a health insurance card", she said. "It is a much harder task to help them make the change..."

"Indiana's vision and ours goes beyond the provision of quality health care", he said. "It recognises that Medicaid can become a pathway out of poverty."

When Verma travelled to Arkansas earlier this month to hand-deliver her letter approving the changes in that state's Medicaid programme, she said applications from eight more states are under review and nine other states are considering applying. "We have received an overwhelming response", she said, but cautioned that there will be challenges.

"It is easy to just hand people a health insurance card", she said. "It is a much harder task to help them make the changes to move out of the Medicaid programme and hopefully to a better life, to a new job that provides health insurance."

Before assuming her position at CMS, Verma was president of a Medicaid consulting firm that she founded in Indiana almost two decades ago. Because the company advised Medicaid officials in Kentucky and Indiana, Verma did not take part in the decisions regarding those states.

Exemptions, premiums and rewards

The changes to Medicaid include a system of exemptions and penalties to be enforced and monitored by the states. In Arkansas, for example, beneficiaries subject to the new rules will need internet access to report their status every month.

Kentucky officials stress that their work requirement is just one way that beneficiaries can perform "community engagement activities" to keep their Medicaid coverage. Such activities can include any combination of paid work, volunteer service, attending job training or job search programmes, or caring for an elderly parent, among other things. Other changes require payment of new premiums (up to 4% of income) and cost-sharing fees. Kentucky adults 65 years and over with Medicaid are exempt from "community engagement" requirements, while Arkansas' age cutoff is 50 years and Indiana's is 55 years.

Indiana also exempts caregivers of young children from the work requirement, but only if the child is under age 6 years.

CMS also allowed Kentucky to require some Medicaid beneficiaries to earn



Seema Verma in Washington, DC in May 2017

For the Kaiser Family Foundation brief see <https://www.kff.org/medicaid/issue-brief/medicaid-and-work-requirements-new-guidance-state-waiver-details-and-key-issues/>

virtual “dollars” or points deposited in their online account to pay for preventive vision, dental services, and, eventually, over-the-counter medications and supplies. They can earn rewards by completing any of a growing list of so-called “qualifying activities”—from getting cancer screenings to attending a job skills training class.

Failure to follow the rules or prove eligibility for exemptions will have serious consequences. Beneficiaries can be dropped from the programme and then barred from re-enrolling, or locked out, for as long as 6 months in Kentucky or for the rest of the year in Arkansas.

“This is not about punishing anyone”, said Arkansas Governor Asa Hutchinson. “It’s about giving people an opportunity to work and give them the training they need and help them move out of poverty and up the economic ladder.”

The new requirements and penalties will also help improve beneficiaries’ health, according to Kentucky Governor Matt Bevin. “The dignity that people get and receive from the opportunity to do for themselves, to be engaged in their own health outcome is what ultimately leads to better health outcomes”, he said in an interview with Fox News. “When people have a vested interest in anything, they are more likely to care about it, to utilise it, and to get the maximum value from it.”

The state estimates that about 100 000 people will leave the Medicaid programme over the next 5 years as a result of the changes. Some may get jobs that include health insurance benefits, others may be able to buy coverage from the ACA’s health insurance marketplaces, and still others may lose coverage.

The Arkansas modifications take effect on June 1, and Kentucky’s begin a month later. Indiana’s start next year.

The opposition

About 60% of non-elderly adults in Medicaid already work, according to a January report by the Kaiser Family Foundation (KFF), a health research group in Washington, DC. They are

still eligible for Medicaid because their wages are so low and their employers do not offer health insurance. Of those who are not working, KFF found that they don’t have jobs because of a disability, caregiving responsibilities, or they attend school. “Many of these reasons would likely qualify as exemptions from work requirement policies”, the report concluded, leaving about 7% of Medicaid beneficiaries who would be subject to the work requirement.

“All roads lead to people being terminated from the programme or locked out of coverage.”

But even if the work requirements eventually affect only a relatively small percentage of beneficiaries, critics are worried about the combined effect of new restrictions and penalties.

“Look at where all the roads lead”, said Leonardo Cuello, an attorney and director of health policy at the National Health Law Program in Washington, DC. Beneficiaries can lose their health care if they fail to pay a premium, submit documentation that they qualify for an exemption, or to report a change in eligibility. “All roads lead to people being terminated from the programme or locked out of coverage.”

Michael Munger, a Kansas physician and president of the American Academy of Family Physicians, said the group opposes “any barrier to coverage or care, whether it’s lockouts, premiums going up, or a work requirement”. Such policies could potentially harm patients with chronic diseases such as high blood pressure, diabetes, or asthma who need regular, ongoing treatment, he said.

In January, the National Health Law Program joined the Kentucky Equal Justice Center and the Southern Poverty Law Center in filing a class action lawsuit against HHS on behalf of 15 Kentucky Medicaid patients to compel the agency to rescind approval of the Kentucky changes.

The Kentucky lawsuit argues that lockout periods, work requirements,

cancelling transportation services to medical appointments and other changes do not improve beneficiaries’ health and undermine Medicaid’s purpose to provide health care. Opponents also object to how the federal government is putting such changes in place, by establishing them as temporary pilot or waiver programmes, which would otherwise not be allowed under the Medicaid law. Pilot programmes usually test the effectiveness of a new health benefit, expanded eligibility criteria, or delivery method.

“If I hurt my back, you don’t say go out and do some work right away”, said Cuello. “You say, go see a doctor.”

Although Administration officials Verma and Azar say that research studies have shown that working promotes health, Gregory Wagner says the issue is more nuanced. Wagner, a physician specialising in internal and occupational medicine, is an adjunct professor at Harvard University’s TH Chan School of Public Health, Boston, MA.

People who are in the workforce tend to be healthier than those who are not working, but their employment status doesn’t necessarily explain why said Wagner, who is also a senior adviser at the school’s Center for Work, Health, and Well-Being. “They are healthy enough to be selected for work, and they’re healthy enough to remain at work.” And some jobs, particularly low-wage work, can be detrimental by exposing workers to health and safety hazards, he said. The link between health and work depends on adequate pay, benefits, and other supports, said Emily Quinn Ahonen, assistant professor in environmental health and social and behavioural sciences at Indiana University, Indianapolis, IN.

“We just don’t know the direction of that relationship”, she said. “We don’t know if work makes people healthier or if healthier people happen to be able to be at work.”

Susan Jaffe