

Work Requirements in Kentucky Medicaid: A Policy in Limbo

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ABSTRACT

ISSUE: Kentucky was the first state approved to implement a work requirement for adult Medicaid beneficiaries. A federal judge blocked implementation right before it was scheduled to take effect, but the program may be reinstated on appeal.

GOAL: To examine several aspects of Kentucky's Medicaid work requirements, including awareness and current work activities among Medicaid beneficiaries, and the potential impact of the policy on employment and health insurance.

METHODS: Findings from telephone surveys of 500 low-income Kentuckians and 1,501 low-income Arkansans, ages 19 to 64, conducted in late 2018.

KEY FINDINGS AND CONCLUSIONS: Nearly half (46%) of Kentuckians enrolled in Medicaid said they had not heard anything about the state's plans for a new work requirement. Minorities and those with less education were less likely to have heard about the policy. Eighty percent of low-income Kentuckians reported they were unsure whether the requirement was in effect, and only 8 percent knew the policy was not in effect. Nearly all adults in Kentucky Medicaid surveyed were already working or otherwise meeting the state's proposed work requirements. The survey found similar results in Arkansas, which implemented work requirements in 2018 and experienced higher uninsured rates, no increase in employment, and substantial confusion.

TOPLINES

- ▶ Nearly half of Kentuckians enrolled in Medicaid said they had not heard anything about the state's plans for a new work requirement; minorities and those with less education were less likely to have heard about the policy.
- ▶ About 97 percent of adult Medicaid beneficiaries surveyed in Kentucky already meet the proposed requirements — either by working 20 hours a week, conducting other activities like job search or training, or being eligible for an exemption like a disability.



BACKGROUND

In 2014, Kentucky expanded Medicaid under an executive order made by the governor. Kentucky's uninsured rate among low-income adults dropped from 40 percent to 7 percent between 2013 and 2016. This expansion of coverage was one of the largest increases in health insurance experienced by any state.¹ In early 2018, Kentucky became the first state to receive approval from the federal government to implement a “community engagement requirement” (also known as a “work requirement”) for its Medicaid enrollees.² The program, part of the state's “Kentucky HEALTH” Medicaid waiver, would have required nonelderly, nonexempt adults to participate in community engagement for 80 hours a month. Employment, job searching, volunteering, school, caretaking of family members, and participating in treatment for substance use disorder are all examples of community engagement activities.

In June 2018, U.S. District Judge James Boasberg ruled that Kentucky's waiver was inconsistent with Medicaid's intent and issued a stay that halted the rollout of the Kentucky HEALTH program two days before it was supposed to take effect.³ Meanwhile, Arkansas instituted a similar program for 30-to 49-year-olds that was in effect from June 2018 until March 2019, until the same judge ordered it to stop.

In this issue brief, we report findings from a November–December 2018 survey of 500 low-income Kentuckians (including 297 who reported having Medicaid coverage) that asked about their understanding of and experiences with the state's work requirements and their current work or other community engagement activities. We compare the results of the survey to similar estimates from our survey of 1,501 low-income adults in Arkansas, the first state to implement work requirements. Details on the survey methodology have been published previously.⁴

FINDINGS

Kentuckians' Awareness of Medicaid Work Requirements

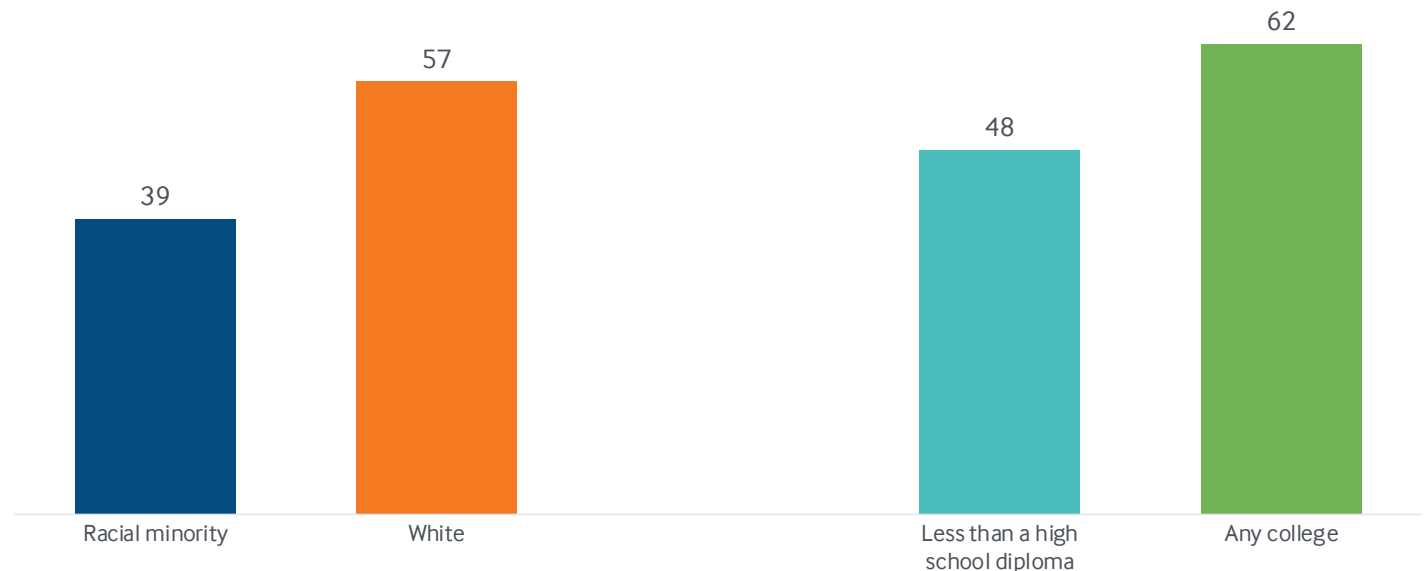
Many low-income Kentuckians had not heard about the state's proposed work requirements. When asked whether they had heard about the new requirements, 45 percent of low-income Kentuckians overall and 54 percent of those with Medicaid said they had heard “a lot” or “a little” about work requirements. The remaining 55 percent of low-income Kentuckians and 46 percent of those in Medicaid reported they had heard “nothing at all” about the policy. Not all Kentucky Medicaid beneficiaries were subject to the new policy, which likely affected the rates of how many had heard about it.⁵

Awareness of work requirements was characterized by racial and educational disparities (Exhibit 1). Among self-identified racial minority Medicaid beneficiaries, 39 percent had heard something about the state's work requirements, compared with 57 percent of white Medicaid beneficiaries. Forty-eight percent of Medicaid beneficiaries with less than a high school diploma had heard about the work requirements, compared with 62 percent of those with some college education. Awareness also varied by age group: 41 percent of Medicaid beneficiaries ages 19 to 29 had heard of the policy, compared with 58 percent of those ages 30 to 64 (data not shown). A multivariate regression model confirmed that minorities ($p=0.04$), people with lower levels of education ($p=0.05$), and younger adults ($p=0.04$) were significantly less likely to know about the policy. There were no significant differences by gender, marital status, or urban vs. rural residence.

There was also substantial confusion about the legal status of the work requirement program. As of late 2018, 80 percent of low-income Kentuckians were not sure whether the state's work requirements were in effect. Twelve percent incorrectly thought they were in effect; only 8 percent knew the policy was not in effect (data not shown). This high level of confusion may have dissuaded some eligible individuals from enrolling in Medicaid.

Exhibit 1. Share of Kentuckians in Medicaid Who Have Heard About Work Requirements, by Race and Education

Percent



Data: Authors' analysis of data from a telephone survey conducted in late 2018 of 297 low-income Kentuckians on Medicaid (ages 19–64).

Community Engagement Activities in Kentucky's Medicaid Population

Our survey assessed whether adults who were enrolled in Kentucky's Medicaid program were currently working, were engaging in other community activities that would satisfy the state's requirement, or were disabled or qualified for another exemption. Most adults were either working or had a disability: 34 percent reported working at least 20 hours a week, and 44 percent reported that they were unable to work because of a disability (Exhibit 2). Among the remainder, 11 percent were spending at least 20 hours a week in school, caring for a family member, or performing community service; 8 percent were spending at least 20 hours a week looking for work or in job training. This left only 3 percent of Kentuckians in Medicaid who would not have satisfied the state's proposed community engagement requirements. These results are similar to another recent analysis of Medicaid beneficiaries in the state.⁶

A multivariate regression model found that the groups least likely to satisfy the state's requirements were those who had not attended college ($p=0.04$), whites ($p=0.07$),

and men ($p=0.09$). Meanwhile, there were no significant differences in rates of community engagement activities based on age, marital status, or urban vs. rural residence.

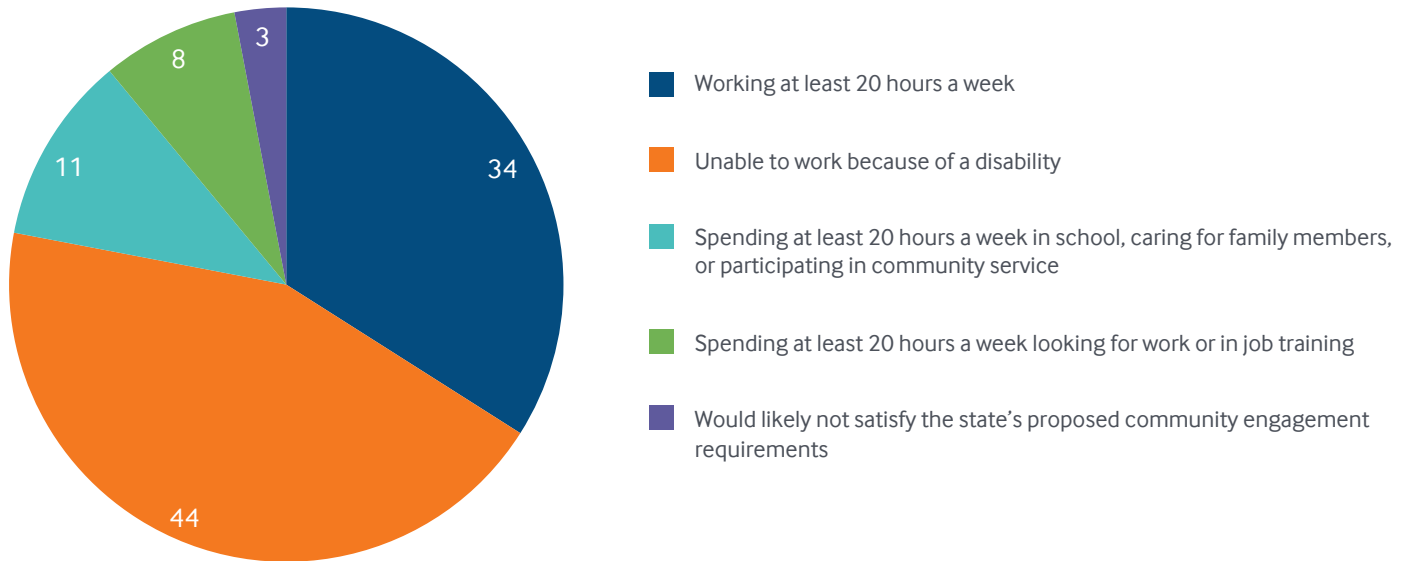
Work requirements in the Kentucky Medicaid program may struggle to meaningfully increase employment since the vast majority of Kentuckians appear to be exempt or are already participating in actions that would fulfill the requirements.

How Do Kentucky and Arkansas Compare?

Asking several similar questions in Arkansas, we found that 67 percent of Arkansans targeted by that state's work requirements (Medicare beneficiaries ages 30 to 49) had heard of the policy as of late 2018, compared with 54 percent in the Kentucky Medicaid sample (ages 19 to 64), a statistically significant difference ($p=0.007$, Exhibit 3). In Arkansas, rates of awareness were significantly lower among younger adults, men, and people with less education.⁷ Similar to Kentucky, Arkansas engaged in a significant education campaign, with mailings, information fliers, and other efforts designed to inform

Exhibit 2. Nearly All Kentucky Medicaid Recipients Report Activities That Qualify as Community Engagement

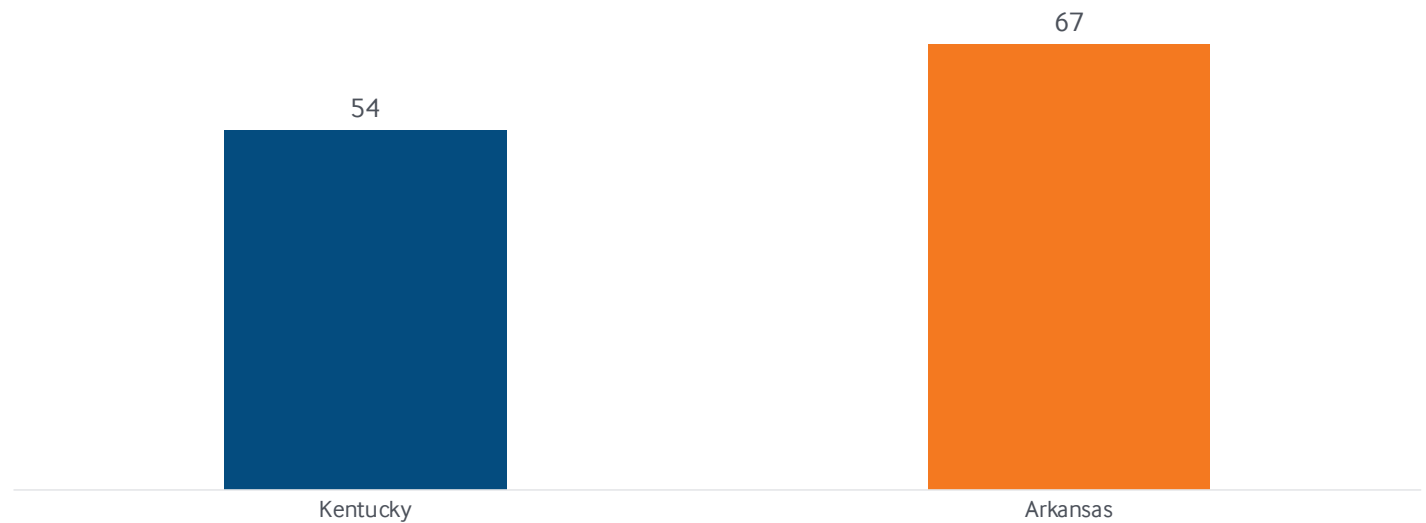
Percent



Data: Authors' analysis of data from a telephone survey conducted in late 2018 of 297 low-income Kentuckians on Medicaid (ages 19–64). Outcomes were assessed in a mutually exclusive hierarchy, such that if someone reported working more than 20 hours per week, then we did not assess whether the person was disabled or fulfilled another category of community engagement.

Exhibit 3. Share of Medicaid Beneficiaries Potentially Affected by Work Requirements Who Have Heard About the Policy — Kentucky vs. Arkansas

Percent



Data: Authors' analysis of data from a telephone survey conducted in late 2018 of 297 low-income Kentuckians on Medicaid (ages 19–64) and 429 low-income Arkansans subject to that state's work requirements (ages 30–49 enrolled in Medicaid or marketplace coverage in the past year).

beneficiaries about the new policy.⁸ One critical difference is that the court blocked Kentucky's policy roughly six months before the survey was conducted. In contrast, Arkansas's policy had been in effect for six months at the time of our survey and was only halted by the courts after survey completion. This undoubtedly had an impact on the extent to which Kentucky residents were aware of the policy, although the state had been conducting outreach and education efforts up until the program was blocked by the courts on June 29, 2018, just two days before the requirements were set to become effective.⁹ These results suggest that informational barriers to Kentucky's work requirements program may be an important challenge if the policy goes into effect in the future.

Similar to Kentucky, we found that more than 95 percent of low-income adults in Arkansas were already meeting the state's community engagement requirements. Despite this, there were significant losses of coverage in Arkansas after work requirements were implemented with no change in employment. The uninsured rate among 30-to-49-year-olds (i.e., the age group targeted by the policy) increased from 10.5 percent to 14.5 percent while employment did not change significantly. These results appear partly because of substantial confusion about the new policy and difficulty navigating the system's reporting requirements. Only 22 percent of Arkansans who were likely subject to work requirements thought that they were affected by it; 44 percent were unsure if the new rules applied to them.¹⁰ Only half of those required to report information to the state were doing so, citing confusion and lack of Internet access as barriers. In his March 2019 ruling, Judge Boasberg expressed concern that the state's "outreach efforts may well be falling severely short."¹¹

CONCLUSION

The Kentucky work requirement has been blocked by the courts, but the state's leaders remain committed to the policy. The decision is under appeal and a ruling is possible later in the year.¹² Despite this, many low-income adults in Kentucky are not aware of the requirements, and there is substantial confusion about whether the policy is currently in effect. Further, approximately 97 percent of adults surveyed were already meeting the proposed requirements — either by working 20 hours a week, conducting other community engagement activities like job search or training, or being eligible for an exemption like a disability. These results indicate there may be relatively few Medicaid beneficiaries who might be compelled to work by the new policy.

Arkansas implemented work requirements in 2018, and our survey showed similar patterns as in Kentucky — significant confusion, lack of awareness about the policy, and most adults already satisfying the proposed requirements. Further, the first six months of the policy were associated with a significant loss in coverage, eroding some of the improvements documented under the state's Medicaid expansion,¹⁵ but no employment gains.

These results highlight the potential effects of a Medicaid work requirement and challenges that policymakers in Kentucky and other states must address if they implement a similar policy. To reduce potential coverage losses, states should increase awareness of work requirements, especially among minority groups and people with lower levels of education, and reduce the administrative burden of reporting. Research to evaluate these ongoing state efforts will be essential.

NOTES

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