

Low-Income Families with Children Will Be Harmed by South Carolina's Proposed Medicaid Work Requirement

Key Findings

1. The proposed work requirement would predominantly affect very poor South Carolina mothers, many of whom are out of the workforce now. The impact would hit hardest in South Carolina's small towns and rural communities, where families are more likely to receive Medicaid and where jobs are harder to find.
2. Even if these parents find jobs, they may not be able to afford health coverage provided through their employers, if their employers provides health benefits at all. Only 21 percent of South Carolina residents living in poverty receive employer-sponsored insurance.
3. The loss of coverage for parents would affect their children, creating more financial hardship for families and risking children's access to health care. South Carolina's rate of uninsured children has dropped significantly in recent years, coming in below the national average. This proposal threatens that progress.

South Carolina officials are proposing that parents and caregivers who qualify for Medicaid prove they are working at least 80 hours a month or participating in job-training or volunteer activities before receiving health coverage. The state will have to seek a Section 1115 demonstration waiver from the federal government to implement this plan. If approved, it could mean that many of South Carolina's poorest parents lose health coverage altogether: They could make too much to qualify for Medicaid but not enough to afford private insurance even if they find jobs. Jobs for low wage workers are unlikely to offer affordable health insurance.

The state estimates that 180,000 parents would be affected by this new policy if the Centers for Medicare and Medicaid Services (CMS) approves the state's request, according to the draft proposal. About two thirds of those parents also qualify for assistance through SNAP and TANF. While the proposal offers an exemption for those who are primary caregivers, it's unclear how a primary caregiver would be defined and how many parents would be exempted under the proposal. The draft provides no analysis of how many people would no longer receive Medicaid, but similar proposals in other states show thousands of parents losing coverage. If approved, the work requirement would take effect no later than January 1, 2020.

Federal officials announced in January that they would allow work requirements for adult Medicaid beneficiaries and have given approval to such measures in four states: Arkansas, Kentucky, New Hampshire and Indiana. These states, however, expanded Medicaid after passage of the Affordable Care Act and now offer health coverage to adults making up to 138 percent of the federal poverty level. In South Carolina, parents must live at or below 67 percent of the poverty level to qualify for Medicaid. That's the equivalent of \$13,923 per year for a family of three, or \$1,160 per month. If these parents worked 80 hours a month at minimum wage, they would make \$6,960 annually, still enough to qualify for Medicaid in South Carolina. A full-time job at minimum wage would put them at \$13,920—\$3 below the limit. An extra hour, or a penny over the minimum wage, would put Medicaid out of reach.



But that's not the whole story. Even if these parents found jobs, they would have to pay for childcare and transportation—costs that cannot be covered under Medicaid. Families whose earnings place them below the poverty line are not eligible for Marketplace subsidies, and they would likely be hard-pressed to afford private insurance offered by employers. Only 21 percent of South Carolina adults living in poverty currently receive employer-sponsored insurance.¹

While most of South Carolina's Medicaid beneficiaries are children, disabled adults or those living in nursing homes, federal rules require states to cover some very poor parents. South Carolina's proposal argues that these parents would be healthier if they had jobs. The proposal cites research showing that unemployment is correlated with higher mortality and lower levels of physical and mental health. Much of the research, however, is drawn from studies in countries that offer universal health care.² And the results show a correlation—not causation. In fact, the causality is likely in the opposite direction—those who are healthier are better able to work.

Studies of workers who gained health coverage through the Medicaid expansion found that coverage made it easier to work. About 52 percent of the Ohio residents who enrolled in Medicaid after the expansion said it was easier to secure and maintain employment.³ A study in Michigan documented that many adults benefitting from the expansion were already working or in school. Nearly three-quarters of those who were out of work were living with a chronic health condition.⁴ Stripping these adults of their health coverage won't make it any easier to find a job.

Moreover, South Carolina's work requirement would create more red tape and barriers to Medicaid coverage that will do nothing to help families rise out of poverty. In fact, the opposite is true. Many parents and children are likely to lose health coverage due to administrative errors or difficulties amassing needed paperwork, which exposes them to greater financial instability. Large medical bills are a leading cause of debt and bankruptcy.

Who will be affected?

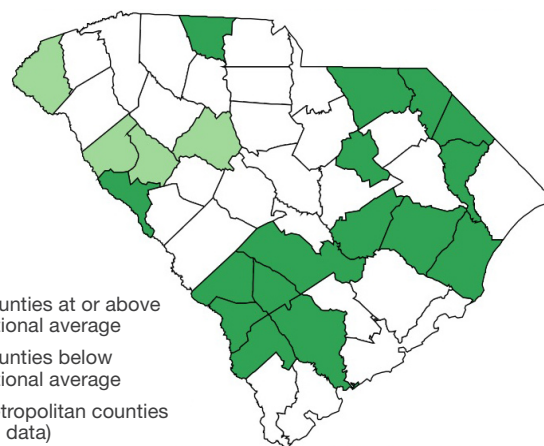
An analysis of parents who rely on Medicaid for health coverage in South Carolina and are targeted by the state's proposal finds that:⁵

- 85 percent are mothers;
- 46 percent are not now in the workforce, often because they are caring for someone else or have an illness or disability; 22 percent describe themselves as unemployed. The remainder are already reporting some work;
- 47 percent are African American, and 46 percent are white; and
- 37 percent are young parents under age 30.

A separate analysis suggests that the proposal would hit harder in South Carolina's small towns and rural communities, where families are more likely to be covered by Medicaid.

- In South Carolina, about 17 percent of adults in these communities are covered by Medicaid, compared to 12 percent in metropolitan areas.

Adults with Medicaid Coverage in South Carolina Small Towns and Rural Areas, by County, 2014-2015



Note: The national weighted average for percent of adults with Medicaid coverage in small towns and rural areas is 16 percent.

Source: For information on sources and methodology, see Georgetown University Center for Children and Families and University of North Carolina report, "[Medicaid in Small Towns and Rural America: A Lifeline for Children, Families, and Communities.](#)"



- Among children, 57 percent in South Carolina’s small towns and rural communities have Medicaid coverage, compared to 41 percent in metro areas. In fact, South Carolina had one of the greatest increases nationwide in the percentage of children covered by Medicaid in small towns and rural areas from 2008-

2009 to 2014-2015, along with one of the greatest declines in the rate of uninsured children.⁶

- Jobs remain harder to find in these communities. Nine of the 11 South Carolina counties with the highest unemployment rates (over 6 percent) in 2017 were rural counties.⁷

Children will suffer when their parents lose coverage.

Children represent nearly two-thirds of South Carolina’s Medicaid population and are explicitly exempt from the proposed work requirement. But if their parents lose access to health care, it could affect their children, as well.

- **As parents become uninsured, the entire family is at risk of falling further into poverty because of medical debt or bankruptcy.** Medicaid improves families’ economic security and financial well-being and gives children a better chance for the future.⁸
- **A healthier parent is more likely to be a better parent. Parents with access to health care can do a better job supporting and nurturing their children’s healthy development.** Maternal depression, for instance, can be treated with Medicaid coverage. Without treatment,

though, depression can inhibit parent-child bonding in the critical early years of development.

- **Children with uninsured parents are less likely to receive the health care they need.** In some cases, they remain insured but don’t visit a doctor regularly. In other instances, they lose their coverage and access to healthcare. Research has shown that when a parent is uninsured a child is much more likely to be uninsured.⁹
- **South Carolina’s rate of uninsured children has dropped sharply in the past few years, and the state can’t afford to reverse this trend.** The rate fell from 6.7 percent in 2013 to 4 percent in 2016. That compares to 4.5 percent nationwide.

Conclusion

South Carolina officials expect to file their Section 1115 demonstration application this summer. A 30-day period for submission of public comments to the state is required by federal rules before the state can complete its application. After that, the state will revise its proposal and, if it decides to proceed, submit it to the federal government, which also must hold a 30-day public comment period. How federal officials will respond to this request is uncertain. CMS has issued guidance encouraging states to establish work requirements in Medicaid and has granted approval to four states. But it has not yet ruled on a waiver involving a state that did not accept the Medicaid expansion provided in the Affordable Care Act. CMS Administrator Seema Verma has warned these non-expansion states against a “subsidy cliff” that would leave some people earning too much to qualify for Medicaid but not enough to qualify for subsidies on the health insurance marketplaces.¹⁰ If approved, South Carolina’s policy would take effect no later than January 1, 2020.

The state’s proposal can be expected to result in more uninsured poor parents though exact estimates are not available. Children too are at greater risk of becoming uninsured if their parents lose coverage. Families living in rural areas and small towns are at greater risk of losing coverage because they are disproportionately represented on Medicaid and have higher rates of unemployment to begin with.

The proposal is also likely to worsen the economic prospects for South Carolina’s most fragile families, many of them already struggling to provide adequate housing, food and clothing for their children. Stripping these mothers of their health coverage will not produce the desired results of greater employment. The proposal offers no new resources to address the barriers that very poor mothers face in getting and keeping a job—barriers that include child care, transportation, and job training.



Endnotes

- ¹ Data retrieved from the American Community Survey Fact Finder, “Health Insurance Coverage Status and Type by Ratio of Income to Poverty Level in the Past 12 Months by Age” (Washington: United States Census Bureau, 2016), available at https://factfinder.census.gov/faces/tableservices/jsf/pages/productview.xhtml?pid=ACS_16_1YR_B27016&prodType=table.
- ² G. Waddell, and A.K. Burton, “Is Work Good for Your Health and Well-Being?” (2006), EurErg Centre for Health and Social Care Research, University of Huddersfield, U. K.
- ³ “Ohio Medicaid Group VIII Assessment: A Report to the Ohio General Assembly,” Ohio Department of Medicaid (2017), available at <http://medicaid.ohio.gov/portals/0/resources/reports/annual/group-viii-assessment.pdf>.
- ⁴ J. Alker, “Michigan Medicaid Evaluation Has Important Lessons for States Considering Work Requirements,” (Washington: Georgetown University Center for Children and Families, January 2017), available at <https://ccf.georgetown.edu/2017/12/15/michigan-medicaid-evaluation-has-important-lessons-for-states-considering-work-requirements/>.
- ⁵ These estimates are based on an analysis of American Community Survey (ACS) data. We use an augmented version of the 2015 and 2016 ACS, the Integrated Public Use Microdata Series (IPUMS), prepared by the University of Minnesota Population Center (IPUMS-USA, University of Minnesota, www.ipums.org). We establish two-year state-level estimates of health coverage and demographic characteristics for parents. Parents are between 19 and 64 years old, have a child who is under 19 years old, are covered through Medicaid, and live in a household with income below 68 percent FPL. Individuals receiving supplementary security income and individuals for whom poverty status could not be determined are excluded.
- ⁶ J. Hoadley et al., “Medicaid in Small Towns and Rural America: A Lifeline for Children, Families, and Communities” (Washington: Center for Children and Families, June 2017), available at <https://ccf.georgetown.edu/wp-content/uploads/2017/06/Rural-health-final.pdf>.
- ⁷ This information was derived from comparing 2017 unemployment information with the analysis of county population characteristics in study by J. Hoadley et al.
- ⁸ K. Wagnerman, “Medicaid: How Does It Provide Economic Security for Families?” (Washington: Georgetown University Center for Children and Families, March 2017), available at <https://ccf.georgetown.edu/wp-content/uploads/2017/03/Medicaid-and-Economic-Security.pdf>.
- ⁹ M. Karpman and G. Kenney, “Quicktake: Health Insurance Coverage for Children and Parents: Changes Between 2013 and 2017” (Washington: The Urban Institute, September 7, 2017), available at <http://hrms.urban.org/quicktakes/health-insurance-coverage-children-parents-march-2017.html>.
- ¹⁰ V. Dickson, “CMS Warns Non-Expansion States to Rethink Medicaid Work Rules,” Modern Healthcare (May 1, 2018) available at <http://www.modernhealthcare.com/article/20180501/NEWS/180509987>.

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