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Medicaid Waiver Proposal for Oklahoma Medicaid Beneficiaries Would Harm Low-Income Families with Children

Key Findings

- Oklahoma's proposal doesn't address the most important question: how many parents and children may lose coverage. Our estimate is that approximately 4,000 to 13,000 parents could lose coverage and that number would grow over time.
- The new work reporting requirements would predominantly affect Oklahoma's poorest mothers. The impact could hit hardest in Oklahoma's small towns and rural communities, where parents are more likely to receive Medicaid and where jobs are harder to find.
- Even if these parents work more hours, they are unlikely to have an offer of health coverage from their employers, so will likely become uninsured. Only 19 percent of Oklahoma adults living in poverty receive employer-sponsored insurance.
- The loss of coverage for parents would affect their children. Oklahoma's rate of uninsured children is one of the highest in the nation and it is already on the rise. The state's proposal would worsen this trend.

Oklahoma is seeking federal permission to impose a work requirement on very low-income parents and caregivers age 19-50 receiving health coverage through Medicaid. Parents of children below 6 are exempt. Under the proposal, which would be phased in, these beneficiaries would have to document that they are working at least 20 hours a week or participating in job-training or volunteer activities or lose their SoonerCare coverage. Because Oklahoma has not expanded Medicaid under the Affordable Care Act, the only adults affected are parents whose incomes are at or below 45 percent or the federal poverty level. The impact of the Oklahoma Health Care Authority's proposal could mean some of the state's poorest parents would lose health coverage altogether. And that loss of coverage will affect their children, who may lose coverage, as well.

Oklahoma's proposal does not show any impact on enrollment if the Centers for Medicare and Medicaid Services (CMS) approve the request to amend the state's Section 1115 "SoonerCare" demonstration waiver. It is clear, however, from research based on the experience of work requirements in other programs and states, that significant coverage losses are likely. Nationally, an analysis by the Kaiser Family Foundation projected that 6 to 17 percent of adults in the affected population would lose Medicaid coverage. Applying this range to Oklahoma's parent population, an estimated 4,440 to 12,580 parents could lose coverage.[1] Some of these adults are already working and meet the requirements, but would lose access to health care because of administrative burdens or red tape. Our estimate may be conservative, as in Arkansas, the first state to implement a Medicaid work requirement, approximately 22 percent of those impacted have lost coverage.[2] Moreover, less than 1 percent of those impacted in Arkansas are newly reporting work hours, suggesting the policy is failing to achieve its purported objective.[3]

The state received over 1,200 public comments on the proposal during the required state public comment process. The vast majority of these comments—over 95 percent—appear to have been submitted in opposition to the state's plans, yet they were largely ignored.[4] The vast majority of commenters raised concerns about the loss of Medicaid coverage for poor parents in Oklahoma.

The state cites a telephone survey it conducted of those subject to the new requirement and the barriers they face.[5] The state was unable to contact almost 50 percent of those that it attempted to call due to a disconnected or unsuccessful call. This suggests that (similar to what has happened in Arkansas) many of those impacted by the policy will be hard to reach and may lose their health insurance as a result of new reporting requirements—not because they aren't working but because the state can't find them.

The impact of Oklahoma's proposal would fall exclusively on the poorest families. Federal officials have yet to approve work requirements for adult Medicaid beneficiaries in a state that has not expanded Medicaid after the passage of the Affordable Care Act (ACA). Oklahoma allows only those parents living at or below 45 percent of the poverty line to qualify for Medicaid. That's the equivalent of $9,351 a year for a family of three, or $779 a month.

These parents could still qualify for Medicaid if they worked just 20 hours a week at minimum wage. But if they worked 25 hours a week, got a raise or just picked up a couple of extra shifts, they would become ineligible. The nature of part time work is often unpredictable, depending on the season or cyclical demands of employers. Likewise, these very-low income families already move on and off Medicaid as their circumstances shift. Oklahoma's proposal provides no mechanism for recording or confirming work hours for the parent population but rather offers vague assurances.

Oklahoma allows adults who make 105 percent FPL, about $21,000 annually, to receive premium assistance through Insure Oklahoma. There are limitations on that program: For instance, coverage is provided to workers at companies with fewer than 250 employers that do not have employer sponsored insurance.[6] Oklahoma's proposal makes no attempt to address the existence of this coverage gap.

The proposal also does nothing to address the barriers these very poor families face in seeking employment. Even if these parents found jobs, they would have to pay for childcare and transportation—costs that could not be covered under Medicaid. And if they made too much to qualify for Medicaid, they would likely be hard-pressed to afford private insurance. Low wage jobs rarely offer affordable health insurance. Only 19 percent of Oklahoma adults living in poverty currently receive employer-sponsored insurance.[7]

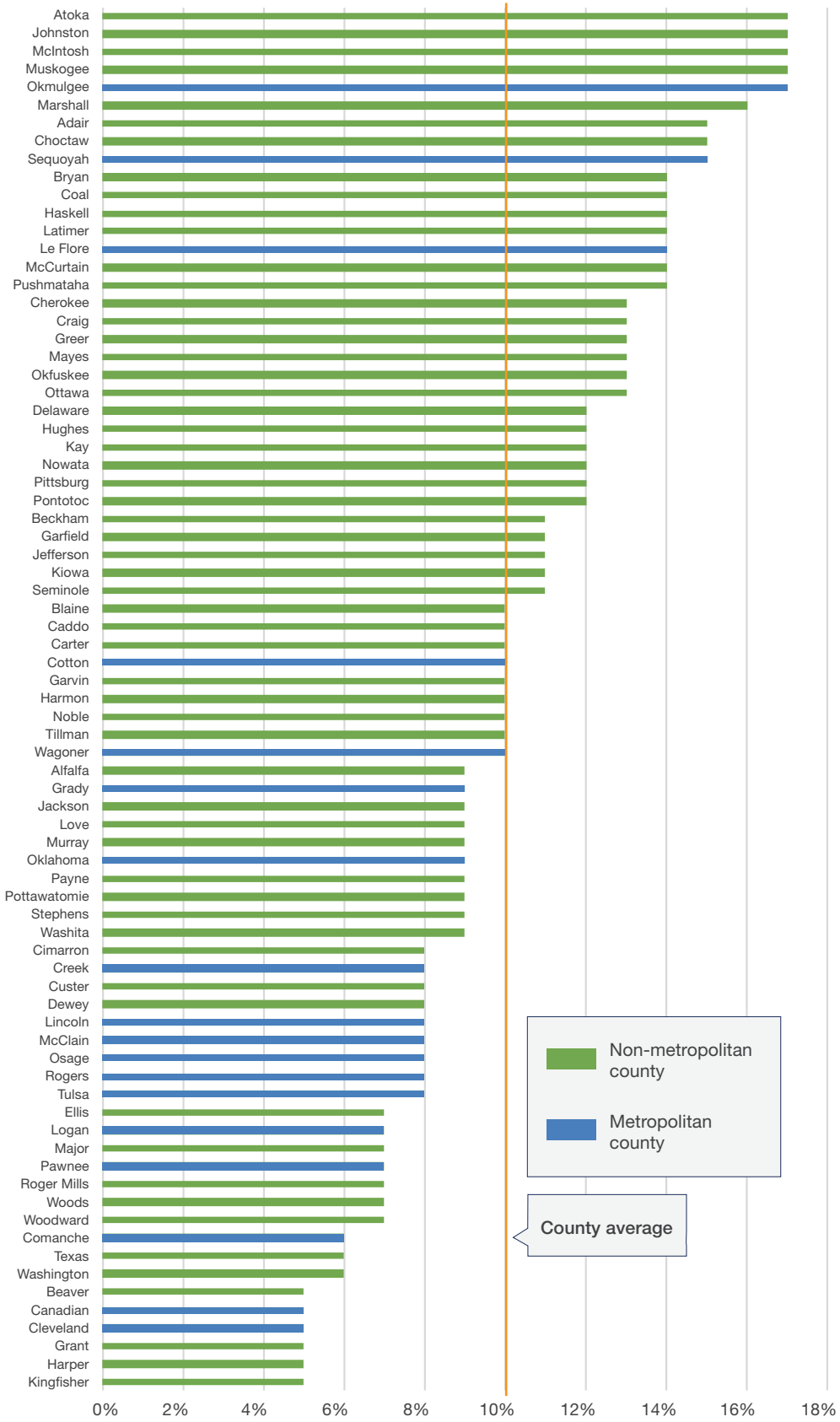
Oklahoma's waiver proposal suggests that their work requirement will decrease the need for emergency room visits and improve health outcomes for very poor parents who receive Medicaid. However, there is no evidence or compelling rationale to support this. Moreover, if these parents lose health coverage altogether, they may be more likely to use the emergency room and have worse health outcomes which will make it harder to work. Research has shows that good health coverage can lead to fuller employment.[8]

A study by Michigan researchers found that 69 percent of those surveyed said having Medicaid helped them to do a better job at work.

Studies of American 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.[9] A study by Michigan researchers found that 69 percent of those surveyed said having Medicaid helped them to do a better job at work.[10] Stripping these adults of their health coverage won't make it any easier to find and retain jobs.

Oklahoma's work requirement could impose unnecessary red tape and barriers to health coverage that would leave these parents without the support they need to hold down a job. Rather than helping parents find jobs, this proposal seems aimed at reducing Medicaid enrollment by creating red-tape barriers to coverage.

Figure 1. Percent of Adults with Medicaid Coverage, by County, 2015-2016



Source: Georgetown University Center for Children and Families and University of North Carolina NC Rural Health Research Program analysis of the 2015 and 2016 American Community Survey (ACS) public use microdata.

Who Would Be Affected?

An analysis of the population of parents and caretakers who now rely on Medicaid for health coverage in Oklahoma finds that:[11]

- 80 percent are mothers;
- 67 percent are not now in the workforce, often because they are caring for someone else or have an illness or disability; 14 percent describe themselves as unemployed. The remaining 19 percent are already reporting some work.
- 63 percent are white, 16 percent are African American, and 10 percent are American Indians.
- 33 percent are young parents under age 30.

A separate analysis suggests that the proposal would hit harder in Oklahoma's small towns and rural communities, where families are more likely to be covered by Medicaid and jobs are harder to find. [12]

- In Oklahoma, about 11 percent of adults in these communities are covered by Medicaid, compared to 8 percent in urban areas.
- Among children, 49 percent in Oklahoma's small towns and rural communities have Medicaid coverage, compared to 41 percent in metropolitan areas—a disparity that's greater than the national average.
- Jobs remain harder to find in these communities. Nine of the 10 Oklahoma counties with the highest unemployment rates in 2017 were rural counties.

Children Will Suffer When Their Parents Lose Coverage

- ***Oklahoma's rate of uninsured children at 8.1 percent is already one of the highest in the nation, far above the 5.0 percent national average.***[13] The state ranks 48th for rate of uninsured children. In addition, Oklahoma is one of nine states to show a significant increase in its rate of uninsured children in 2017. If enacted, the state's waiver amendment will likely exacerbate this damaging trend, since research has shown that when a parent is uninsured a child is much more likely to be uninsured.[14]
- ***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.[15]
- ***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.

Conclusion

Oklahoma's amendment to its three-year Section 1115 demonstration application is currently open for public comment at the federal level until January 18, 2019. Although CMS has issued guidance encouraging states to establish work requirements the federal agency has yet to decide on a waiver involving a state that did not accept the Medicaid expansion provided in the Affordable Care Act.

Oklahoma's waiver request provides few details on how this complicated policy change would be implemented. If approved, the proposal will worsen the economic straits for Oklahoma'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 could make them less likely to work, not more. Thousands of parents and children are likely to become uninsured, and the proposal will disproportionately affect families living in small towns and rural areas.

Endnotes

[1] Parent monthly enrollment of 73, 986 taken from "Sooner Care Fast Facts", Oklahoma Health Care Authority, November 2018. We rounded that number to 74,000 and applied the 6 to 17 percent coverage loss range from Garfield, Rachel, Robin Rudowitz and MaryBeth Musumeci. "Implications of a Medicaid Work Requirement: National Estimates of Potential Coverage Losses." (Washington: Kaiser Family Foundation, June 2018) accessed at https://www.kff.org/medicaid/issue-brief/implications-of-a-medicaid-work-requirement-national-estimates-of-potential-coverage-losses/.

[2] J. Wagner, "Commentary: As Predicted, Arkansas' Medicaid Waiver Is Taking Coverage Away From Eligible People" (Washington: Center for Budget and Policy Priorities, December 2018) available at https:// www.cbpp.org/health/commentary-as-predicted-arkansas-medicaidwaiver-is-taking-coverage-away-from-eligible-people.

[3] J. Alker, "Arkansas Data Are Clear: Trump's Medicaid Policy is a Dangerous Failure" (Washington: Georgetown University Center for Children and Families, November 2018) available at https://ccf.georgetown.edu/2018/11/16/arkansas-data-are-clear-trumpsmedicaid-policy-is-a-dangerous-failure/.

[4] See Attachment C Public Comment Summary SoonerCare 1115(a) Amendment Request, 12/7/18. The state notes that just 23 of the more than 1,200 comments submitted were in support.

[5] Ibid, p. 23-4.

[6] Criteria for the Insure Oklahoma program can be accessed at http://www.insureoklahoma.org/IOindividuals.aspx?id=3900.

[7] "Health Insurance Coverage of the Nonelderly (Adults 19-64) with Incomes below 100% Federal Poverty Level (FPL)" (Washington: Kaiser Family Foundation, 2017), available at https://www.kff.org/other/state-indicator/poor-adults/?currentTimeframe=0&sortModel=%7B%22colId%22:%22Location%22,%22sort%22:%22asc%22%7D.

[8] L. Antonisse and R. Garfield, "The Relationship Between Work and Health: Findings from a Literature Review" (Washington: Kaiser Family Foundation, August 2018), available at https://www.kff.org/medicaid/issue-brief/the-relationship-between-work-and-health-findings-from-a-literature-review/.

[9] Anthes, Loren. "The Return on Investment of Medicaid Expansion: Supporting Work and Health in Rural Ohio" (Washington: Georgetown University Center for Children and Families, January 2017), available at https://ccf.georgetown.edu/2017/01/10/the-return-on-investment-of-medicaid-expansion-supporting-work-and-health-in-rural-ohio/.

[10] R. Tipirneni, J.T. Kullgren, J.Z. Ayanian, et al., "Changes in Health and Ability to Work Among Medicaid Expansion Enrollees: A Mixed Methods Study," Journal of General Internal Medicine (2018), available at https://doi.org/10.1007/s11606-018-4736-8.

[11] These estimates are based on an analysis of American Community Survey (ACS) data. We use an augmented version of the 2016 and 2017 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 46 percent FPL. Individuals receiving supplementary security income and individuals for whom poverty status could not be determined are excluded.

[12] Georgetown University Center for Children and Families and University of North Carolina NC Rural Health Research Program analysis of the 2015 and 2016 American Community Survey (ACS) public use microdata sample. We use the microdata sample to calculate levels of Medicaid coverage at the county level by age between 2015-2016. We establish county-level estimates of Medicaid coverage for nonelderly adults (age 19 to 64)

[13] J. Alker and O. Pham, "Nation's Progress on Children's Health Coverage Reverses Course" (Washington: Georgetown University Center for Children and Families, November 2018), available at https://ccf.georgetown.edu/2018/11/21/nations-progress-on-childrens-health-coverage-reverses-course/.

[14] 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.

[15] 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.

This brief was prepared with support from Joan Alker, Cathy Hope, Phyllis Jordan, Olivia Pham, and Kyrstin Racine at the Center for Children and Families, and Carly Putnam at the Oklahoma Policy Institute. Design and layout provided by Nancy Magill.

The Georgetown University Center for Children and Families (CCF) is an independent, nonpartisan policy and research center founded in 2005 with a mission to expand and improve high-quality, affordable health coverage for America's children and families. CCF is based at the McCourt School of Public Policy's Health Policy Institute. Visit https://ccf.georgetown.edu.

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