

An Analysis of Georgia's Section 1115 Medicaid Pathways to Coverage Program

by Allexa Gardner, Joan Alker, and Leo Cuello

Key Findings

- After litigation, Georgia's limited new Medicaid coverage program known as "Pathways" authorized by the Trump Administration under Section 1115 waiver authority in 2020, will begin enrollment July 1 with coverage expected to begin in September 2023. The Medicaid work reporting requirement will be the only one in effect in the nation and is the most restrictive Section 1115 approved during the Trump Administration—with no exceptions for caregiving or high child care costs. This means it is extremely unlikely that many parents will be able to receive coverage under this approach. The waiver agreement between the federal and state governments notes that 64,000 Georgians are likely to be covered; this equates to about 12 to 14 percent of people who would be covered under a full Medicaid expansion.
- Our analysis finds that uninsured low-wage workers in Georgia most commonly work in retail and hospitality, sectors that often have fluctuating work hours which may make it more difficult for workers to comply with the work reporting requirement on a monthly basis. Women make up the majority of the low-wage uninsured workforce in Georgia.
- Since the initial approval of Pathways in 2020, Congress has approved new federal financing incentives worth an additional \$1.1 billion federal dollars for Georgia to take up the full Affordable Care Act (ACA) Medicaid expansion, but the state will not access those funds with its limited approach. This loss of federal funds comes on top of the financing structure of the Section 1115 waiver agreement whereby Georgia will pay 34 cents on the dollar to cover fewer people rather than 10 cents on the dollar that the state would pay under a regular ACA Medicaid expansion—

In July 2023, Georgia will begin enrollment into its new Medicaid Pathways to Coverage ("Pathways") program, with coverage expected to begin in September 2023. The program would offer coverage to a subset of low-income adults who meet a work reporting requirement and, depending on their income, pay a monthly premium. Georgia will become the only state with a work reporting requirement in Medicaid, and one of only two to ever implement such a policy. Arkansas briefly implemented a work reporting requirement in 2018, but the program was halted after 18,000 individuals lost coverage and federal courts intervened.

where the federal government pays 90 percent of the cost. The cost to the state on a per capita basis in the first year of Pathways will be five times higher than the first year of full Medicaid expansion (\$2,490 per person versus \$496 per person, respectively).

Implementation of Pathways will begin as the state embarks on the Medicaid continuous coverage "unwinding" process. As pandemic protections are lifted, all states are checking eligibility for those who have been relying on Medicaid for their health coverage. Separately, we have identified Georgia as a state that poses high risks to eligible children inappropriately losing coverage during this process.¹



Georgia's Pathways program is a limited Medicaid expansion, offering the possibility of coverage to parents and childless adults with incomes below the poverty line who meet work reporting requirements and, in some cases, pay a premium. Georgia currently covers parents up to 31 percent of the federal poverty line (no more than \$642 a month for a family of three); adults with income above that but below the poverty line do not qualify for federally subsidized coverage in the Marketplace and thus fall into a coverage gap—as do all adults without dependent children in Georgia with incomes below the poverty line. The partial expansion is authorized through a section 1115 demonstration; full expansion would cover adults below 138 percent of the federal poverty line and would not require a Section 1115 waiver.

To become eligible and retain health coverage, individuals must successfully report at least 80 hours of work or other qualifying activities each month. Additionally, individuals with incomes at or above 50 percent FPL will have to pay an initial premium to be enrolled in coverage and then pay monthly premiums to retain coverage. Premium amounts range from about 1 to 1.5 percent of household income.

The Pathways program also includes federal waivers allowing the state to eliminate the following for people enrolled through the Pathways partial expansion:

- Non-emergency medical transportation for most enrollees;
- 90-day retroactive coverage;
- Wrap-around benefits for individuals receiving employer-sponsored insurance; and
- Hospital presumptive eligibility coverage.

Coverage Estimates and Financing

Georgia and the federal Centers for Medicare and Medicaid Services (CMS) estimated in 2020 that approximately 64,000 people would be enrolled in coverage through the demonstration.² About 408,000 uninsured Georgians could become eligible if the state implemented partial expansion to 100% FPL without barriers to coverage,³ while full Medicaid expansion would cover as many as 447,000 to 536,000 Georgians.⁴

Initial state funding authorized in 2021 was \$65.5 million; subsequently the funding was increased by \$52.2 million, to a total of \$153.2 million.⁵ It is unclear how many people are budgeted for in these funds, if it includes administrative dollars necessary to implement the program, or how the state would handle additional applicants once the funding limit is reached.

Because it is implementing a partial expansion, Georgia will receive its default federal matching rate for covering this

population – 65.89 percent—rather than the 90 percent match states receive for full expansion. Federal CMS has stipulated that states cannot receive the enhanced expansion rate for partial expansions.⁶ Furthermore, a full expansion would now entitle Georgia to additional federal funding (pursuant to the American Rescue Plan Act of 2021) during the first two years of coverage; CMS has estimated this would be an additional \$1.1 billion dollars for Georgia.⁷ The lower matching rate for the Pathways program and forfeiting the ARPA dollars means that the state will be paying significantly more per person covered that it would under a full expansion. In fact, the cost to the state on a per capita basis in the first year of Pathways will be five times higher than the first year of full Medicaid expansion (\$2,490 per person versus \$496 per person, respectively).⁸



Coverage Limits, Rules, and Processes

To become eligible for Pathways, individuals will be required to report their 80 hours of work or other qualifying activity hours on a monthly basis, including providing documentation (online or in-person) of compliance upon initial application. If the monthly reporting requirement is not documented, individuals will be initially suspended from coverage and then terminated after a 90-day suspension period. (See Appendix B.)

The Georgia Pathways program has no exemptions for meeting the work reporting requirement, which is unlike any other state that pursued a Medicaid work reporting requirement. (See Appendix A.) According to the official approval documents, individuals who self-attest to having a disability will be "considered for a reasonable accommodation," but no other support is provided nor accommodations made for other eligibility groups.⁹ The program allows individuals to request temporary exceptions from meeting the work reporting requirement. These exceptions include serious illness of the enrollee or immediate family member, birth or adoption of an immediate family member, or family emergency or other life event. However, an enrollee may only request up to 120 hours of good cause exceptions from the work requirement (approximately a month and half) over a 12-month period.

Most individuals with incomes at or above 50 percent FPL will also be required to pay an initial premium within 90 days of their eligibility determination or they will not be enrolled.¹⁰ Following enrollment, premiums must be paid on a monthly basis; after any two months of missing premium payments, an individual will have their coverage suspended and will subsequently be disenrolled if premium payments are not made within 90 days of suspension. (See Appendix B for a simplified version of Pathways eligibility rules.)

Premiums will be deposited into an individual's "member rewards account," a new account created by the Pathways program. Copayments for non-primary care services including prescriptions and non-emergent use of the emergency department will be deducted from the account while "rewards" for healthy behaviors, like attending annual well visits, will be credited to these accounts. If an individual accrues a certain amount of healthy behavior credits in their member reward account, they can use their account for "bonus" services like vision and dental benefits and over-the-counter drugs.

Impacts on Coverage

If the state's assumptions for the Section 1115 agreement are accurate, Georgia's Pathways program will cover around 64,000 people out of the approximately 447,000 to 536,00 that could enroll under a full expansion—approximately 12 to 14 percent of the population.

Groups that are likely to face barriers to qualifying for Pathways include:

Workers

The design of Pathways is likely to leave out many workers who are unable to keep up with the monthly reporting requirements. The data from the brief Arkansas experience showed that most people did not know about the work reporting requirement¹¹ and it was clear that many who should have been exempt were not able to obtain an exemption.¹² Low-wage uninsured workers in Georgia disproportionately work in sectors that are less likely to offer employment insurance or paid leave benefits, specifically in retail, hospitality, or construction industries (see Figure 1).¹³

Figure 1: Top Industry Sectors for Low-Wage, Uninsured Non-Elderly Adult Workers in Georgia

| Industry | Share of Low-Wage, Uninsured Workers |
|---|---|
| Retail Trade | 18% |
| Accommodation & Food Services (Hospitality) | 16% |
| Construction | 9% |
| Administrative & Support and Waste Management Services | 8% |
| Manufacturing | 8% |
| Health Care & Social Assistance | 8% |
| Transportation & Warehousing | 7% |
| Other Services, Except Public Administration | 6% |
| Professional, Scientific, and Technical Services | 3% |
| Educational Services | 3% |

Workers with no occupation are not listed.

Source: Georgetown University Center for Children and Families analysis of US Census Bureau American Community Survey (ACS) 2021 Public Use Microdata Sample (PUMS).



These individuals are also more likely to have fluctuating work hours and informal work arrangements, making work reporting very difficult. In addition, research finds that the majority of Medicaid adults are already working without a work requirement in place; those that are not working have barriers to work such as caregiving responsibilities, illness, or school attendance.¹⁴

Parents

Many parents will likely remain uninsured under the Pathways program especially parents of babies and toddlers who are preschool age because they are unlikely to be able to meet the program requirements. Barriers such as the lack of affordable child care are not addressed by the proposal. Georgia's Medicaid program currently provides coverage only to parents with incomes at or below 31 percent FPL (\$642 per month for a family of three). Analysis of work reporting requirements in the 19 states that were approved for or developed a formal proposal for the policy finds that Georgia is the only state to propose a work reporting requirement without any exemption for parents with dependent children (See Appendix A). Child care services are unaffordable for many low-income families,15 so many parents will be unable meet the requirements for Georgia's new program due to the lack of child care accommodations or exemptions.

Populations experiencing obstacles to work and/or reporting

Other groups may face similar barriers to enroll. The Pathways program does make some accommodations for people with disabilities; however, it is unclear if these will be sufficient. Many people may also not be identified for accommodation, thus blocking enrollment. The proposal designs in Arkansas and New Hampshire both included exemptions for people with disabilities and people in treatment for mental health and/ or substance use disorders, and yet those individuals were often not identified.¹⁸ The program's good cause exemption is not available to new applicants, so those with disabilities that prohibit compliance with the work reporting requirement would not be eligible for initial enrollment. For those who are enrolled in coverage, the temporary exception limit of a month and a half may not be long enough to address their life event (such as an injury or natural disaster). Some other groups, such as students, individuals in job training, or those doing community service, chould meet the qualifying criteria and be eligible, but may have difficulties documenting compliance, making them vulnerable to denial or termination.

Potential Georgia barriers to enrollment for parents in Pathways

• Child care availability

Forty-four percent of people in Georgia live in a child care desert. The lack of child care is especially prevalent among families living in rural areas and in the lowest-income neighborhoods.¹⁶

Child care costs

The cost of child care in Georgia ranges from around \$6,500 to \$8,900 depending on a child's age or type of facility,¹⁷ which is up to 32 percent of the annual income of a parent at 50 percent of the poverty line.

Inadequate parental leave policies

Many low-wage workers are employed in jobs that lack sick or parental leave. Without these policies, parents may put their jobs at risk or at least lose hours needed to meet the work requirement if their child is sick, has a day off from school, or needs to stay home for any reason.

• Difficulties reporting qualifying activities Parents may have trouble providing documentation for certain activities like community service or reporting compliance in general.



Conclusion: Issues to Monitor Going Forward

Will unemployment rates go up or down?

There is uncertainty as to how Pathways will affect employment if at all. While Medicaid expansion has been shown to support work,¹⁹ Medicaid work requirements, on the other hand, had minimal to no effect on employment—and possibly increased unemployment for those who lost access to health care services needed to support their ability to work.²⁰ Previous studies on work requirements in other programs (such as TANF) have found negligible evidence of lasting increases in employment.²¹

How many people will get coverage and for how long?

Low wage workers with Medicaid coverage often experience temporary changes in income that result in moving on and off coverage within short periods of time. Pathways enrollees could experience even greater coverage disruptions— individuals with fluctuating work hours or gaps in monthly work reporting may repeatedly cycle on and off coverage, suspension, and termination. In addition, the complex rules of the Pathways design (see Appendix B flowchart), may lead to more confusion and coverage instability. It will be important to monitor who is getting coverage and whether parents— especially those with preschool age children—are able to enroll at all.

What are the cost implications for the state of Pathways structure?

The cost effectiveness of Pathways will need to be closely monitored—including both administrative costs given its complex structure, and coverage costs—especially how much the state is paying per beneficiary—given the lower match rate in the Section 1115 agreement and the state's ineligibility for additional ARPA funds.

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Appendix A: State Exemptions to Proposed Medicaid Work Requirements * Note: None of these work requirements are currently in effect.

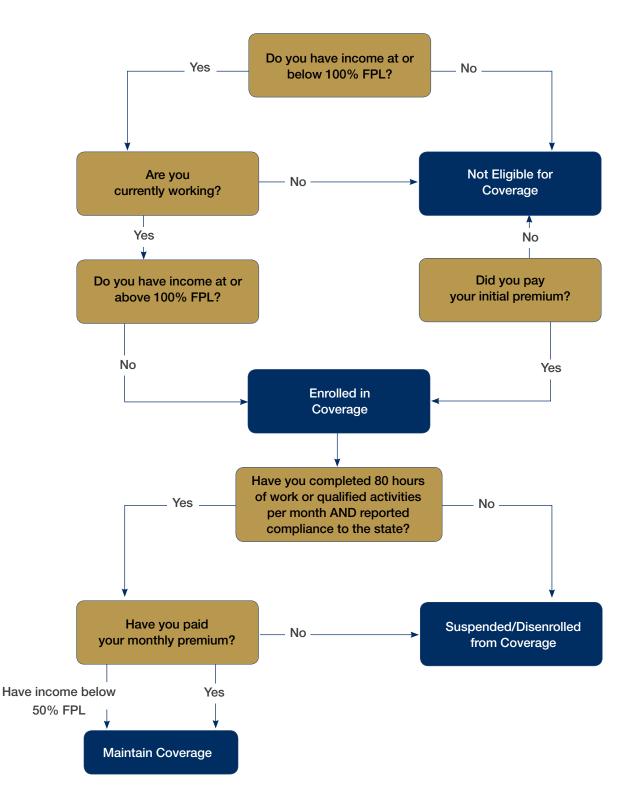
| State | Exemptions |
|---|--|
| Alabama Alabama Medicaid Workforce Initiative | anyone who is a single custodial parent of a child age 12 months or younger; anyone who is a single custodial parent caring for a child under the age of 6 for whom appropriate childcare is not available; anyone required to care for a disabled child or adult |
| Arizona AZ AHCCCS Works | • a designated caretaker of a child under age 18, or of a child who is 18 and is a full-time student in high school or trade school and is expected to graduate before he/she turns 19, with a limit of 1 designated caregiver per child |
| Arkansas Arkansas Works | • beneficiary lives in a home with his or her minor dependent child age 17 or younger |
| Idaho Medicaid Reform | a parent or caretaker providing for a dependent under age 18 or persons with a serious medical condition |
| Indiana Healthy Indiana 2.0 | beneficiaries who are a primary caregiver of a dependent child under age 13 or a disabled dependent, including kinship caregivers of abused or neglected children; |
| Kentucky Kentucky HEALTH | primary caregivers of a dependent, including either a dependent minor child or an adult who is disabled (limited to only one exempt beneficiary per household) |
| Michigan Healthy Michigan Plan | a caretaker of a family member under 6 years of age (only one parent at a time can claim this exemption); a caretaker of a dependent with a disability who needs full-time care based on a licensed medical professional's order (this exemption is allowed one enrollee per household) |
| Mississippi Mississippi Medicaid Workforce Training Initiative | • the beneficiary is the primary caregiver for: a child under the age of 6 years; a person diagnosed with a mental illness; a disabled family member |
| Montana HELP Section 1115 Demonstration Amendment and Extension | a primary caregiver for a person who is unable to provide self-care; a foster parent |
| Nebraska Heritage Health Adult | • individuals who are: a parent, caretaker relative, guardian, or conservator of dependent child; or, a parent, caretaker relative, guardian, or conservator responsible for the care of an elderly or disabled relative (and who are providing care to these individuals in the home) |
| New Hampshire New Hampshire Granite Advantage Health Care Program | beneficiaries who are a parent or caretaker where care of a dependent is considered necessary by a licensed provider; beneficiaries who are a custodial parent or caretaker of a dependent child under 6 years of age (only applies to one parent or caretaker in case of a 2-parent household); beneficiaries who are a parent or caretaker of a dependent child of any age with a disability (only applies to one parent or caretaker in the case of a 2-parent household) |
| Ohio Ohio Group VIII Work Requirement and Community Engagement Section 1115 Demonstration Waiver | parent/caretaker/individual residing in same Medicaid household with minor child (defined as a child under age 19); caring for a disabled/incapacitated household member |
| Oklahoma Oklahoma SoonerCare | a parent or caretaker responsible for the care of a dependent child under the age of 6; a parent or caretaker personally responsible for the care of an incapacitated person (as attested to by a Medical or Mental health provider) |
| South Carolina South Carolina Medicaid Community Engagement | • primary caregiver of a child, up to age 18, and/or disabled adult |



| State | Exemptions |
|---|---|
| South Dakota South Dakota Career Connector | parents of dependent children under one year old living in the parent's residence; primary caregivers of elderly or disabled individuals living in the caretaker's residence |
| Tennessee TennCare III | individuals who are the primary caregiver of a child younger than 6 years of age (one exemption per household); individuals who are providing caregiver services for a household member (child or adult) with a disability or incapacitation, or with a medical frailty that prevents the caretaker from fulfilling the community engagement requirement |
| Utah Primary Care Network 1115 Demonstration Waiver (June 2018 Amendment) | parents or other members of households with the responsibility of a dependent child under age 6; responsible for the care of a person with a disability as defined by the ADA, section 504 of the Rehabilitation Act, or section 1557 of the Patient Protection and Affordable Care Act |
| Virginia Virginia GAP and ARTS | • primary caregiver for a dependent child under age 19 |
| Wisconsin Wisconsin BadgerCare Reform | • the member is a primary caregiver for a person who cannot care for himself or herself |



Appendix B: Pathways to Pathways Coverage





Endnotes

¹ Joan Alker and Tricia Brooks, "Millions of Children May Lose Medicaid: What Can Be Done to Prevent Them From Becoming Uninsured" Georgetown University Center for Children and Families, February 17, 2022), available at <u>https://ccf.georgetown.edu/2022/02/17/millions-of-</u> children-may-lose-medicaid-what-can-be-done-to-help-prevent-themfrom-becoming-uninsured/.

² Center for Medicare and Medicaid Services, "Georgia Pathways to Coverage Approval Letter & Standard Terms and Conditions," October 15, 2020, available at <u>https://www.medicaid.gov/Medicaid-CHIP-</u> <u>Program-Information/By-Topics/Waivers/1115/downloads/ga/ga-</u> <u>pathways-to-coverage-ca.pdf</u>.

³ Georgia Department of Community Health, "Waiver Project: Georgia Environmental Scan Report," July 8, 2019, available at <u>https://medicaid.</u> georgia.gov/document/publication/georgia-environmental-scan-reportposted-71819/download.

⁴ Georgia Department of Audits and Accounts, Fiscal Note: House Bill (LC 26 0015), January 18, 2019, available at <u>https://www.google.com/</u> url?sa=t&rct=j&q=&esrc=s&source=web&cd=&ved=2ahUKEwiHla3I 3Y7_AhWfF1kFHWSDArlQFnoECBcQAQ&url=https%3A%2F%2Fopb. georgia.gov%2Fdocument%2Ffiscal-notes-2019-health-and-humanservices%2Flc-46-0015-hb-37%2Fdownload&usg=AOvVaw20q6mDuKm qd-nPrPO6AU3T.

⁵ FY 2024 Conference Committee Bill (HB 19), March 29, 2023, available at https://www.legis.ga.gov/api/document/docs/default-source/house-budget-and-research-office-document-library/2024 fiscal year/fy 2024_conference_committee_bill (hb_19).pdf?sfvrsn=a6423ac9_2#page=66.

⁶ Letter from CMS Administrator Seema Verma to Utah Governor, August 16, 2019, available at <u>https://www.medicaid.gov/Medicaid-CHIP-</u> Program-Information/By-Topics/Waivers/1115/downloads/ut/per-capitacap/ut-per-capita-cap-correspondence-Itr-20190816.pdf.

⁷ CMS, All-State Medicaid & CHIP Call, March 30, 2021, available at <u>https://www.medicaid.gov/state-resource-center/downloads/</u> allstatecall-20210330.pdf.

⁸ Leah Chan, "Money Matters: Comparing the Costs of Full Medicaid Expansion to the Pathways to Coverage Program" (Georgia Budget and Policy Institute, January 11, 2023), available at <u>https://gbpi.org/</u> money-matters-comparing-the-costs-of-full-medicaid-expansion-to-thepathways-to-coverage-program/.

9 CMS Pathways Approval, op. cit.

¹⁰ The two groups exempted from premiums are: Beneficiaries with employer-sponsored insurance enrolled in HIPP and some beneficiaries enrolled in (or recently graduating from) vocational education programs of highly sought-after trades.

¹¹ Benjamin D. Sommers, et al., "Medicaid Work Requirements – Results from the First Year in Arkansas," *The New England Journal of Medicine*, June 18, 2019, available at <u>https://static.politico.com/8d/24/6ef0e361444</u> <u>bb034aabc884b2606/sommers-arworks.pdf</u>; MaryBeth Musumeci, et al., "Medicaid Work Requirements in Arkansas: Experience and Perspectives of Enrollees" (Kaiser Family Foundation, December 2018), available at <u>https://files.kff.org/attachment/Issue-Brief-Medicaid-Work-Requirementsin-Arkansas-Experience-and-Perspectives-of-Enrollees; Ian Hill, et al., "New Hampshire's Experience with Medicaid Work Requirements" (Urban Institute, February 2020), available at <u>https://www.urban.org/sites/default/</u> files/publication/101657/new hampshires experience with medicaid work requirements v2_0_7.pdf.</u> ¹³ Jennifer Wagner and Jessica Schubel, "States' Experiences Confirm Harmful Effects of Medicaid Work Requirements" (Center on Budget and Policy Priorities, November 18, 2020), available at <u>https://www.cbpp.org/ research/health/states-experiences-confirm-harmful-effects-of-medicaidwork-requirements.</u>

¹³ United States Census Bureau, "Public Coverage Increased for All Workers, Private Coverage Declined for Full-Time, Year-Round Workers," September 13, 2022, available at <u>https://www.census.gov/library/</u> <u>stories/2022/09/private-health-coverage-declines-for-full-time-workers.</u> <u>html</u>; U.S. Bureau of Labor Statistics, "Table 6. Selected paid leave benefits: Access, March 2022," available at <u>https://www.bls.gov/news.</u> <u>release/ebs2.t06.htm</u>.

¹⁴ Madeline Guth, et al., "Understanding the Intersection of Medicaid & Work: A Look at What the Data Say" (Kaiser Family Foundation, April 24, 2023), available at <u>https://www.kff.org/medicaid/issue-brief/</u> <u>understanding-the-intersection-of-medicaid-work-a-look-at-what-thedata-say/</u>.

¹⁵ Gina Adams, et al., "Child Care Challenges for Medicaid Work Requirements" (Urban institute, September 2019), available at <u>https://www.urban.org/sites/default/files/publication/101094/medicaid_work_reqs_child_care_0.pdf;</u> ChildCare Aware of America, "Appendices: Demanding Change: Repairing our Child Care System,"available at <u>https://info.childcareaware.org/hubfs/Demanding%20Change%20</u> Appendices.pdf?utm_campaign=Budget%20Reconciliation%20Fall%20 2021&utm_source=website&utm_content=22_demandingchange_append.

¹⁶ Center for American Progress, "Child Care Access in Georgia," available at <u>https://childcaredeserts.org/2018/?state=GA&urbanicity=Ru</u> <u>ral</u>.

¹⁷ ChildCare Aware of America, "Demanding Change: Repairing Our Child Care System,"available at <u>https://info.childcareaware.</u> org/hubfs/Demanding%20Change%20Appendices.pdf?utm_ campaign=Budget%20Reconciliation%20Fall%202021&utm_ source=website&utm_content=22_demandingchange_append.

¹⁸ MaryBeth Musumeci, "Disability and Technical Issues Were Key Barriers to Meeting Arkansas' Medicaid Work and Reporting Requirements in 2018" (Kaiser Family Foundation, June 11, 2019), available at <u>https:// www.kff.org/medicaid/issue-brief/disability-and-technical-issues-</u> were-key-barriers-to-meeting-arkansas-medicaid-work-and-reportingrequirements-in-2018/; Wagner and Schubel, op. cit.

¹⁹ The Ohio Department of Medicaid, "2018 Ohio Medicaid Group VIII Assessment: A Follow-Up to the 2016 Ohio Medicaid Group VIII Assessment," August 2018, available at <u>https://medicaid.ohio.gov/static/</u><u>Resources/Reports/Annual/Group-VIII-Final-Report.pdf</u>.

²⁰ Benjamin Sommers, et al., "Medicaid Work Requirements In Arkansas: Two-Year Impacts on Coverage, Employment, and Affordability of Care," *Health Affairs* (Vol. 39, No. 9), September 2020, available at <u>https://www-healthaffairs-org.proxy.library.georgetown.edu/doi/full/10.1377/ hlthaff.2020.00538.</u>

²¹ LaDonna Pavetti, "TANF Studies Show Work Requirements Proposals for Other Programs Would Harm Millions, Do Little to Increase Work" (Center on Budget and Policy Priorities, November 13, 2018), available at https://www.cbpp.org/sites/default/files/atoms/files/11-13-18tanf.pdf.