

Medicaid and Work: Crisis in Arkansas?

By [Doug Badger](#) & [Grace-Marie Turner](#)
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Arkansas is in crisis.

At least that's what several advocacy groups and mainstream publications say.

Kevin De Liban of Arkansas Legal Aid calls the state's new requirement that able-bodied Medicaid recipients work or seek work "[disastrous](#)." The Medicaid and CHIP Payment Advisory Commission, a group that advises Congress on Medicaid issues, pronounced itself "[highly concerned](#)" about the program and urged the HHS Secretary to "pause" the disenrollment of recipients who fail to meet the work requirements. The left-leaning Center for Budget and Policy Priorities charged that the program was causing "[harm to beneficiaries](#)."

[U.S. News and World Report](#) proclaimed that the "sudden health crisis has rung alarms in Washington." Not to be outdone, [Politico](#) [reported](#) that the state is conducting an "unprecedented social experiment" that is "throwing thousands of people off its Medicaid rolls." State officials are "blindsiding vulnerable residents" who are "panicked about losing their health coverage."

What produced this horror? Beginning last June, the state required nondisabled, childless adults aged 30-49 to engage in 80 hours of work-related activity each month. Those who failed to do so for three consecutive months were dropped from the program through the end of 2018.

Nearly [17,000](#) recipients lost their benefits between September and December. All became eligible to re-enroll in Medicaid on January 1. [Fewer than 1,000](#) did.

Crisis indeed.

The "social experiment," contrary to press reports, isn't entirely without precedent. Arkansas is one of [seven states](#) that have obtained permission from the Trump Administration to establish work requirements in its Medicaid program. The administration is currently reviewing similar waiver applications from an additional nine states. Nor are these requirements unique to Medicaid. They are similar to those in other public assistance programs.

Of the nearly [65,000](#) Medicaid recipients subject to Arkansas's work requirements in November, most did not have to report their work activities because they were meeting requirements in other welfare programs. Thousands more were exempt because they had a dependent child or medical issues. In all, nearly 55,000 recipients were not obliged to report.

A total of just over 8,400 recipients who were required to report their work activities in November fell short. Of those, more than 8,308 (98 percent) reported no work activity at all—they neither had a job, sought one, nor endeavored to develop the skills to get one. November marked the third consecutive month that more than 4,600 of these recipients failed to meet the requirements. They were removed from the rolls. That brought the total number of Arkansans who lost Medicaid coverage for failing to meet the work requirements in 2018 to [just under 17,000](#).

All were eligible to re-join the program January 1. Only 966 did, according to the most recent statistics released by the state's Department of Human Services.

That may not be as counterintuitive as it may at first seem. Since they didn't value the benefits enough to comply with its work requirements—or, in the overwhelming majority of cases, report any work activities at all—it is hardly surprising that most didn't bother to re-enroll.

Health policy analysts have long been puzzled that millions of uninsured people snub the government's offer of free health benefits. The Kaiser Family Foundation [estimates](#) that seven million of the 27.5 million nonelderly people who were uninsured in 2016 were eligible for Medicaid. That's more than one-fourth of the uninsured population. Another eight million were eligible for Obamacare premium subsidies, meaning that more than half the nonelderly uninsured didn't avail themselves of government-subsidized health coverage.

Academic research suggests one possible reason: Medicaid recipients aren't the primary beneficiaries of the program's spending. A [study](#) of the Oregon Health Insurance Experiment, which provided Medicaid coverage to expansion adults on a randomized basis, found that the program's "welfare benefit to recipients per dollar of government spending range from about \$0.2 to \$0.4." In other words, \$1 of Medicaid spending provides around 20 to 40 cents of benefits to recipients. The rest—an estimated 60 cents of every Medicaid dollar—benefits "external parties," most likely hospitals that use the money to cover uncompensated medical costs.

The reason so many Medicaid recipients failed to comply with the Arkansas work requirement may be as simple as this: They didn't consider the benefits worth the effort.

Critics of the program tell a different story. They allege that the state failed to inform at least some recipients of the requirements and that the online portal recipients use to report work efforts is confusing and unreliable. One recipient who is suing the state told *Politico* that letters notifying her of the work requirements were sent to the wrong address. Whether that is the state's fault is unclear. Arkansas has long required recipients to report address changes. Those who fail to do so are removed from the rolls for reasons having nothing to do with work requirements.

Politico does note that more than 3,800 recipients have found jobs since the requirements took effect in June. That is less than one-fourth the number who have been disenrolled for not working, but a positive sign nonetheless.

A [study](#) by the Buckeye Institute, an Ohio-based free market think tank, found that people who favorably respond to work requirements will earn far more—in some cases nearly \$1 million more—over the course of a lifetime than those who remain on Medicaid and don't increase their work efforts. Work requirements [benefit recipients](#).

Opposition to those requirements, in any event, doesn't arise from what *Politico* alleged is "a nightmarish, confusing experience with clunky technology." The program would be controversial even if it were technologically flawless.

The opposition is based on ideology, not technology. And it cuts both ways.

The program has put liberals and conservatives alike in uncomfortable positions. The Left strongly supports Medicaid expansion but regards work requirements as an act of state-sponsored cruelty. The Right supports work requirements but opposes Medicaid expansion. Many conservatives fear that work requirements will make expansion more palatable in the 14 states that have so far resisted it.

Arkansas is caught in this political conundrum. Governor Asa Hutchinson, a Republican, supports the Medicaid expansion he inherited from his predecessor. But he also believes that able-bodied recipients should work, or at least pursue the training and skills they need to hold a steady job.

Each year, three-fourths votes are required in the state's House and Senate to approve funding for the expansion. That leads to "almost annual cliffhanger votes" over whether to repeal the expansion, according to *Politico*.

If Arkansas's overwhelmingly Republican legislature votes again to fund an expansion that conservatives detest, it will be at least partly because of work requirements liberals abhor.

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