Comments on Montana Section 1115 Demonstration Amendment and Extension Application

October 9, 2019

Honorable Alex M. Azar II
Secretary
United States Department of Health and Human Services
200 Independence Ave. SW
Washington, DC 20201

RE: Montana Budget & Policy Center Comments on Montana Health and Economic Livelihood Partnership (HELP) Program – Extension Request

Dear Secretary Azar:

The Montana Budget & Policy Center submits this comment in relation to the State of Montana's proposed amendment and extension to the Health and Economic Livelihood Partnership (HELP) Program pursuant to section 1115 of the Social Security Act of 1965 (herein "the proposed amendment").

The Montana Budget & Policy Center (MBPC) is a nonprofit organization founded in 2008. MBPC's mission is to advance responsible tax, budget, and economic policies through credible research and analysis in order to promote opportunity and fairness for all Montanans. MBPC fulfills this mission by providing credible and timely research and analysis on state fiscal issues to legislators, tribal leaders, advocates, the public, and the media.

MBPC supported the Health and Economic Livelihood Partnership (HELP) Act, passed by the Montana Legislature during the 64th Legislative Session. As of January 1, 2019, 95,973 Montanans living on low incomes are enrolled in affordable health care coverage.[1] Nine out of ten enrollees are living below the poverty line. As of December 2018, 101,309 Montanans have accessed preventive health care services.[2] Of those enrolled, over 16 percent (roughly 15,500) are American Indian.

As part of the HELP Act, Montana implemented the HELP-Link program, an innovative, voluntary work-support program to help people on Medicaid gain access to stable employment. These services include job seeker workshops, assistance for training in high-demand sectors, credit history counseling, and on-the-job-training programs. The program also connects people to other services such as home health aides, childcare, and housing. By addressing actual barriers to work, HELP-Link has been effective at raising employment as well as earnings. The HELP-Link program has connected 25,244 people who are enrolled in Medicaid to Department of Labor and Industry (DLI) employment services.[3] HELP-Link has provided intensive one-on-one support that has helped over 3,000 receive employment training services.[4] The results for participants have been significant. Of the 3,150 Medicaid clients that completed the DLI workforce training programs in 2016, 70 percent were employed after finishing their training. Over half of those employed had higher wages after completing the program, with an $8,057 wage gain over the previous year.[5]

Medicaid expansion and the HELP-Link program may have raised employment rates among Montanans living on low incomes, according to the Bureau of Business and Economic Research at the University of

Montana.[6] Following implementation of Medicaid expansion and the HELP-Link program, Montana saw labor force participation among expansion eligible population rise by three to six percentage points more than other similarly-situated states.[7]

MBPC Comments on Montana's Proposed Amendment

MBPC strongly supports the continuation of Montana's successful Medicaid expansion; however, MBPC remains concerned about new requirements within the proposed amendment that will result in the loss of coverage for thousands of Montana enrollees.

Work/Community Engagement Requirements Will Take Away Health Coverage from Eligible Families Living on Low Incomes.

Montana's 1115 waiver amendment proposes new requirements for Demonstration enrollees to work or participate in certain allowable activities totaling 80 hours per month. MBPC is concerned about the likely impact of these requirements and the loss of coverage for many enrollees.

Not only does Montana's proposed amendment fail to promote the objectives of Medicaid, the proposed changes will result in a loss of coverage, counter to the central objective of Medicaid to provide medical care to those living on low incomes. The proposed work/community engagement requirements will result in the loss of coverage for certain enrollees. The state's own estimates project that about one-fourth of enrollees (approximately 25,970 individuals) will be subject to the new requirements. Of these, roughly 4,000 – 12,000 will not report or fail to meet the requirements and face suspended coverage.

National studies and evidence from other states indicate the state's projections of loss of coverage are likely accurate or even understated. Arkansas was the first state to implement a federal Medicaid waiver requiring enrollees meet monthly work and reporting requirements. As of February 2019, nearly 17,000 Arkansans had lost health insurance.[8] Nearly 22 percent of all beneficiaries subject to the new policy had lost coverage - significantly higher than the 6 to 17 percent coverage loss that Kaiser Family Foundation researchers forecasted could result from implementing work requirements nationwide. Confusion over the new reporting system, a lack of awareness, or difficulty accessing the reporting system and lack of internet access caused difficulty in complying with the reporting requirements.

In some aspects, Montana's proposed waiver goes further than what has been implemented in Arkansas, posing even greater risk of loss of coverage. Montana's proposed waiver would require those age 19 to 55 to meet work reporting requirements – an age range broader than what Arkansas has implemented. Older Montanans will likely encounter additional obstacles to meeting work requirements. Older workers often face barriers maintaining steady employment due to health conditions that make it difficult to consistently meet hourly work requirements. Age discrimination also makes it more difficult for older individuals to find new employment or maintain their current position.[9]

Furthermore, Montana workers in rural areas could face additional burdens in fulfilling minimum work hours. Montana workers with low-incomes are especially subject to the volatility of the labor market. Montana has a higher rate of workers working part-time or part-year, compared to the national average.[10] This volatility is especially common in rural areas where jobs like farming, manufacturing, and retail commonly feature variable hours, involuntary part-time work, and irregular scheduling.[11] Many hardworking Montanans who work in vital Montana industries like agriculture, construction, and health care could lose their health care coverage if they fail to meet the set hourly requirements in one month. One in four Montana Medicaid enrollees work part-time and could be subject to losing coverage.[12] More

than half (53 percent) of Medicaid enrollees in Montana work in the agriculture or service industry, namely restaurant and food service industry. Fifteen percent work in education or health, fields with many part-time and variable hours.[13]

Frequent reporting requirements pose greater challenges for rural program beneficiaries who may lack access to internet or service providers. Montana ranks 48th in the nation for access to broadband internet.[14] A lack of internet connection could mean working individuals lose their health care coverage if they are unable to report their hours worked on time even if they have worked enough to qualify for coverage. Furthermore, many rural enrollees face challenges in accessing key supportive services. As a result of state budget shortfalls in 2017, Montana Department of Public Health and Human Services closed 19 rural offices of public assistance, leaving many rural communities without public assistance support staff.[15] Lack of state support and stretched Department staff has also resulted in long wait times for support over the phone.[16]

Work/Community Engagement Requirements Do Not Achieve the Stated Goal of Increasing Work.

Not only do work requirements hinder Medicaid's core objective of providing health care access, work requirements do not achieve the stated goals of increasing work or decreasing poverty. When work requirements have been imposed, research shows that the requirements did not have significant long-term effects. Those not subject to the requirements were found to reach similar employment levels after five years, compared to those subject to the requirements. Stable employment among beneficiaries subject to requirements was the exception, not the norm, and most enrollees with significant barriers to employment never found work.[17]

The vast majority of Medicaid beneficiaries who can work, do work. In Montana, more than two-thirds of all non-elderly adult Medicaid enrollees work.[18] Only one in six live in a household with no worker present. Nationally, of those *not* working, 29 percent are ill or living with a disability, 32 percent are caretaking, and 18 percent are attending school.[19]

National studies show that, of those enrollees not employed, virtually all are facing either health-related barriers to employment or labor-force barriers.[20] A Brookings Institute analysis of 2013-2014 Census Bureau survey data found that for Medicaid enrollees age 18 to 49 with no dependents under age six, only 1.1 percent do not work because they are not interested in working. For those age 50 to 64, only 1.4 percent are not interested in working for pay. For those who are actively participating in the labor force yet not working for pay, the most common reasons cited are work-related (e.g. cannot find a job, recently laid off). For those who are not actively participating in the labor force, the most common reasons cited are health- or disability-related. Health or disability reasons are cited significantly more among Americans age 50 to 64.[21]

Montana's Current Premium Requirements and Proposed Premium Increase Structure Will Result in Taking Away Coverage from Eligible Families Living on Low Incomes.

The proposed amendment reflects new requirements on premiums that will result in the loss of coverage for many Montana enrollees. For individuals subject to premiums and subject to work/community engagement, premiums will increase gradually based on coverage duration. The proposed amendment maintains the current disenrollment procedures for certain demonstration enrollees that fail to pay premiums.

Montana has clear evidence that imposing premiums on enrollees has resulted in the loss of health care coverage for thousands. Under Montana's current premium requirements, the state has disenrolled over

5,400 enrollees for failure to pay premiums.[22] This loss of coverage represents roughly one-third of those subject to premiums and subject to disenrollment for failure to pay (i.e., those above 100 percent FPL).

As provided for in the waiver, DPHHS proposes a 0.5 percentage point increase each year where an enrollee subject to premiums is enrolled for more than two years. For an enrollee who is enrolled in a third year, this increase would represent a 25 percent increase in premiums.

Under the proposed premium structure, Montana will continue to see loss of coverage, likely at even higher rates. A previous analysis shows that raising premiums from two percent of income to three percent, as the waiver indicates would happen for some enrollees in the demonstration's fourth year, could result in a 24 percent decline in enrollment among those subject to premiums.[23]

Studies show that premiums result in eligible individuals struggling to access or maintain health care coverage.[24] This effect is greatest on those living on low incomes and living in poverty. For many families living on low wages and struggling to afford food, housing, and other necessities, the requirement to pay even modest premiums can result in fewer individuals accessing health care services. Those that are able to maintain coverage still face greater financial burdens. Further research shows that the impact of premiums can have an even greater negative effect on families of color.[25]

Conclusion

Medicaid expansion has had tremendous benefits in Montana and for individuals accessing health care coverage. We strongly support the continuation of Montana's successful Medicaid expansion, but we remain concerned about the likely loss of coverage as a result of new features of the demonstration.

MBPC appreciates the opportunity to submit this comment.

Sincerely,

Heather K. O'Loughlin
Co-Director
Montana Budget & Policy Center

1 Montana Department of Health and Human Services, "Montana Medicaid Expansion Dashboard," December 2018.
2 Montana Department of Health and Human Services, "Montana Medicaid Expansion Dashboard."
3 HELP Act Oversight Committee, "2018 Report to the Governor and Legislative Finance Committee."
4 Montana Department of Labor and Industry, "HELP-Link Program 2018 Fiscal Year End Report," accessed December 2018.
5 Median wage increased to $16,784. Montana Department of Labor and Industry, "HELP-Link Program 2018 Fiscal Year End Report."
6 Ward, B., and Bridge, B., "The Economic Impact of Medicaid Expansion in Montana: Updated Findings," University of Montana Bureau of Business and Economic Research, January 2019.
7 Ward, B., and Bridge, B., "The Economic Impact of Medicaid Expansion in Montana: Updated Findings."
8 Wagner, J., "As Predicted, Arkansas' Medicaid Requirement Is Taking Coverage Away From Eligible People," Center for Budget and Policy Priorities, December 18, 2018.
9 Justice in Aging, "How Medicaid Work Requirements Will Harm Older Adults & Family Caregivers," accessed June 2019.
10 Montana Department of Labor & Industry, "Montana 2019 Labor Day Report," September 3, 2019.
11 Center on Budget and Policy Priorities, "How Medicaid Work Requirements Will Harm Rural Residents – And Communities."
12 Garfield, R., Rudowitz, R., and Damico, A., "Understanding the Intersection of Medicaid and Work."
13 Garfield, R., Rudowitz, R., and Damico, A., "Understanding the Intersection of Medicaid and Work."
14 BroadbandNow, "Broadband Service in Montana," accessed on July 2019.

[15] Eggert, A., "Forgotten Communities: How state budget cuts gut public aid infrastructure in Montana's rural counties," Montana Free Press, August 2, 2018.
[16] Taylor, M., "Cuts overload public assistance offices," Daily Inter Lake, January 21, 2018.
[17] Pavetti, L., "Work Requirements Don't Cut Poverty, Evidence Shows," Center on Budget and Policy Priorities, June 7, 2016.
[18] Garfield, R., Rudowitz, R., and Damico, A., "Understanding the Intersection of Medicaid and Work," Henry J. Kaiser Family Foundation, Jan. 5, 2018.
[19] Garfield, R., Rudowitz, R., and Damico, A., "Understanding the Intersection of Medicaid and Work."
[20] Work-related reasons for not working include not being able to find work, losing a job, working 15 or more hours for no pay at a family business or farm. Health or disability includes being unable to work due to injury, illness, chronic condition, or disability. Caregiving includes pregnancy, recent childbirth, taking care of children or elderly. Students include those who did not report they were enrolled full or part time but reported not working because they were going to school.
Bauer, L., Whitmore Schanzenbach, D., and Shambaugh, J., "Work Requirements and Safety Net Programs," The Hamilton Project, Oct. 2018.
[21] Bauer, L., Whitmore Schanzenbach, D., and Shambaugh, J., "Work Requirements and Safety Net Programs."
[22] Department of Public Health and Human Services, "Montana Medicaid Expansion Dashboard," accessed June 2019.
[23] While this report was not updated after legislative amendments to HB 658, the analysis of the premiums is still relevant as that section of the legislation did not substantially change during the legislative process. Ku, L., and Brantley, E., "Potential Effects of Work Requirements in Montana's Medicaid Program," Milken Institute School of Public Health, George Washington University, February 13, 2019.
[24] Artiga, S., et al., "The Effects of Premiums and Cost Sharing on Low-Income Populations: Updated Review of Research Findings," Kaiser Family Foundation, June 2017.
[25] Artiga, S., et al., "The Effects of Premiums and Cost Sharing on Low-Income Populations: Updated Review of Research Findings."