



MISSISSIPPI MEDICAID WORKFORCE TRAINING

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The Opportunity Solutions Project (OSP) strongly supports Mississippi's efforts to move able-bodied adults from welfare to work. The proposed Section 1115 waiver is a critical step forward in achieving this goal and will move more able-bodied adults to self-sufficiency. The waiver will also protect limited resources for the truly needy, ensuring long-term sustainability for the Medicaid program.

Background

Despite record-low unemployment, the number of able-bodied adults on Medicaid in Mississippi remains near record-high levels. By 2016, the number of able-bodied adults dependent on the program reached nearly 62,000, up from 45,000 able-bodied adults in 2013.¹ Spending on these adults has risen even faster, reaching more than \$332 million in 2016—56 percent more than the \$214 million spent in 2013.²

Every dollar spent on able-bodied adults who could otherwise be working and obtaining health coverage elsewhere is a dollar that cannot be used to fund services for seniors, poor children, or individuals with disabilities. Moving able-bodied adults on Medicaid back to work will not only help enrollees become self-sufficient, it will ensure resources are available for those truly vulnerable individuals who depend on the Medicaid program to survive.

More is needed to move able-bodied adults back to work

In 2018, Mississippi's unemployment rate hit an all-time low.³ Employers are desperate for workers, with nearly 27,000 unfilled jobs currently posted online and an additional 34,000 new job openings being added each year.⁴⁻⁵ Mississippi employers report that the single largest problem they face is availability of labor.⁶

This labor shortage has helped spur higher wages and has employers scrambling to offer cash bonuses and other incentives just to find and keep workers.⁷ It also means that there are jobs available for all skills levels. Despite concerns of a skills gap, the reality is that millions of jobs require little specialized education, training, or experience. In fact, according to the Bureau of Labor Statistics, nearly three-quarters of the job openings that will occur over the next decade require a high school education or less.⁸ Nearly four out of five job openings require no training or less than a month's training on the job, while a whopping 87 percent require no prior experience.⁹

Despite this strong economy, few able-bodied adults on Medicaid work full-time and most do not work at all.¹⁰⁻¹¹ Indeed, the Council of Economic Advisers warns that research generally shows that welfare programs which lack work requirements—like Medicaid—reduce employment among able-bodied adults.¹² Today's strong economy simply isn't enough to move those able-bodied adults off the sidelines and back into the labor force.

Likewise, evidence from employment and training programs in other welfare programs shows that voluntary referrals are simply not effective. In the food stamp program, for example, more than six million able-bodied adults are considered "work registrants," the prime target for employment and training programs.¹³ But most states operate voluntary programs and, as a result, participation is low. Just 380,000 able-bodied adults voluntarily participate in the employment and training programs nationwide, compared to 2.2 million participants where the program requirements are mandatory.¹⁴

Mississippi's own experience with voluntary employment and training programs highlights this issue. In fiscal year 2018, the Mississippi Department of Human Services reported that an estimated 165,000 able-bodied adults would be enrolled in the food stamp program as work registrants.¹⁵ But more than 148,000 of those able-bodied adults were granted exemptions.¹⁶ Fewer than 1,700 are expected to voluntarily participate.¹⁷

States that have attempted to run voluntary employment and training programs for Medicaid enrollees have faced similar challenges. In 2017, Arkansas began referring able-bodied adults on Medicaid to the Department of

Workforce Services for employment and training services.¹⁸ Fewer than five percent of those able-bodied adults ever accessed those services after referral.¹⁹ Work requirements are uniquely designed to move able-bodied adults from welfare to work when voluntary work referrals and a booming economy is not enough.

Work requirements are effective

Work requirements have a proven track record in moving able-bodied adults into self-sufficiency. In the 1990s, work requirements helped moved millions of able-bodied adults out of welfare and back into the workforce, spurring economic growth, more employment, and less dependency.²⁰ State-level analyses have shown similar successes.

When Kansas reinstated work requirements for able-bodied adults on food stamps, it set in place a system to track wages and employment among those affected by the change.²¹ The Kansas Department for Children and Families matched each individual affected by the policy change with quarterly wage records from the Kansas Department of Labor.²² The results showed those leaving food stamps went back to work in more than 600 different industries and saw their incomes more than double, on average.²³ Even better, higher wages more than offset lost benefits, leaving those affected financially better off.²⁴ Enrollees' financial situations improved as they left welfare and moved into the workforce, helping them achieve independence. As caseloads declined, more resources could be preserved for the truly needy, ensuring the program's long-term sustainability.

Other states have seen similar successes. In Maine, able-bodied childless adults leaving food stamps saw their wages more than double, on average, with higher wages more than offsetting lost welfare benefits.²⁵ State-level research on those leaving cash welfare after work requirement sanctions were strengthened reported similar results.²⁶

Work requirements will further Medicaid's core objectives

One of Medicaid's core statutory objectives is to help low-income families and individuals attain capability for independence.²⁷ As part of the Section 1115 demonstration review process, the Centers for Medicare and Medicaid Services evaluate whether such demonstration proposals "promote upward mobility, greater independence, and improved quality of life"—key metrics of helping families and individuals attain capability for independence.²⁸ Section 1115 demonstration waivers are also reviewed to ensure long-term sustainability of the program.²⁹

Mississippi's proposed demonstration project will further these critical objectives. Work is the best path into self-sufficiency and independence. Research on other welfare programs—including TANF cash welfare, a program under the Secretary's oversight—shows that work requirements can successfully move able-bodied adults from welfare to work. Those leaving welfare see higher earnings and those earnings more than offset the welfare benefits they lose. Mississippi's proposal will help more able-bodied adults move from welfare to work, leading them to the path of self-sufficiency and independence. By emphasizing work, Mississippi can also help improve the health, well-being, and quality of life for these individuals.³⁰⁻³¹ Mississippi's proposed waiver will also help ensure the Medicaid program's long-term sustainability, preserve resources for the truly needy, and avoid substantial cuts to eligibility or services that may result if the waiver is denied.

Mississippi's proposal also builds on existing statutory authority to incorporate work requirements within the Medicaid program. Federal law provides states with the option to terminate individuals' Medicaid coverage if they are also receiving TANF benefits and refuse to meet the TANF work requirement.³² Mississippi builds on this existing statutory option to ensure that even more individuals and families can achieve self-sufficiency and independence.

Success is not determined by program enrollment

Although the Medicaid program provides medical assistance to individuals, the program's success is not determined by the number of individuals enrolled in the program. Opponents of Mississippi's proposal have argued that no reform that could potentially reduce enrollment would ever further the objectives of the Medicaid program.

But this argument is at odds with the text of the Medicaid statute itself. One of Medicaid's core statutory objectives is to help low-income families and individuals attain capability for independence.³³ Under the critics' view, an able-bodied adult with no earnings who moves to full-time work, gains private insurance coverage, and becomes independent should be viewed as a negative mark on the program's success, solely because that individual is able to leave the Medicaid program behind. But helping individuals gain the capability for independence can and should reduce enrollment in the program, as individuals become more self-sufficient and exit the program.

Indeed, federal courts have considered and rejected similar claims regarding Section 1115 waivers in the past. In *Aguayo v. Richardson*, plaintiffs argued that Section 1115 "does not permit the Secretary to waive any requirement ... which might result in the curtailment or denial of assistance."³⁴ The Second Circuit expressly rejected this argument, finding that no such restriction on Section 1115 waivers exists.³⁵

States also have existing statutory authority to disqualify individuals from the Medicaid program if they fail to meet requirements in other welfare programs—including work requirements for those receiving both Medicaid and TANF cash welfare.³⁶ These comparable disqualification policies continue to further the objectives of the Medicaid program, even if those policies reduce overall enrollment in the program.

Conclusion

OSP strongly supports Mississippi's efforts to move more able-bodied adults from welfare to work. The proposed Section 1115 demonstration project is an important step in ensuring the independence of able-bodied adults and the preservation of critically needed resources for the most vulnerable. The Centers for Medicare and Medicaid Services should promptly approve this demonstration project to further the objectives of the Medicaid program.

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