



RESOURCES FOR PUBLIC COMMENTS

KENTUCKY'S MEDICAID WAIVER

Background

Centers for Medicare and Medicaid Services, "Kentucky HEALTH § 1115 demonstration modification request," U.S. Department of Health and Human Services (2017), <https://www.medicaid.gov/Medicaid-CHIP-Program-Information/By-Topics/Waivers/1115/downloads/ky/ky-health-pa2.pdf>.

- The number of able-bodied adults on Medicaid has reached record levels.
- By 2015, the number of able-bodied adults dependent on the program reached more than 633,000, up from fewer than 133,000 able-bodied adults in 2013.
- Spending on these adults has risen even faster, reaching more than \$4 billion in 2015—six times more than the \$667 million spent in 2013.

Centers for Medicare and Medicaid Services, "Kentucky HEALTH: Helping to engage and achieve long term health," U.S. Department of Health and Human Services (2016), <https://www.medicaid.gov/Medicaid-CHIP-Program-Information/By-Topics/Waivers/1115/downloads/ky/ky-health-pa3.pdf>.

- "These costs have the potential to challenge the overall state budget and could create funding issues for other programs, such as education, pensions, and infrastructure, as well as also jeopardize funding for the traditional Medicaid program that covers the aged, blind, disabled, pregnant women and children."

Jonathan Ingram and Nicholas Horton, "ObamaCare expansion enrollment is shattering projections: Taxpayers and the truly needy will pay the price," Foundation for Government Accountability (2016), <https://thefga.org/wp-content/uploads/2016/12/ObamaCare-Enrollment-is-Shattering-Projections-1.pdf>.

- Kentucky projected no more than 188,000 able-bodied adults would ever sign up for the expansion.
- Actual enrollment exceeded those projections within just two months.

Nicholas Horton and Jonathan Ingram, "How the ObamaCare dependency crisis could get even worse – and how to stop it," Foundation for Government Accountability (2018), <https://thefga.org/wp-content/uploads/2018/01/How-the-ObamaCare-dependency-crisis-could-get-even-worse---and-how-to-stop-it-1-15-18.pdf>.

- Expansion enrollment reached more than 466,000 by December 2016.

Jonathan Ingram and Nicholas Horton, "A budget crisis in three parts: How ObamaCare is bankrupting taxpayers," Foundation for Government Accountability (2018), <https://thefga.org/wp-content/uploads/2018/02/A-Budget-Crisis-in-Three-Parts-2-6-18.pdf>.

- Expansion has cost taxpayers nearly twice what was initially expected and has become financially unsustainable, jeopardizing funding for the truly needy

Kentucky Needs More Workers

Bureau of Labor Statistics, "Local area unemployment statistics: Kentucky, statewide," U.S. Department of Labor (2018), <https://data.bls.gov/timeseries/LASST210000000000003>.

- In 2018, Kentucky's unemployment rate hit an all-time low.

Sam Adolphsen, "There has never been a better time for welfare reform," Foundation for Government Accountability (2018), <https://thefga.org/wp-content/uploads/2018/06/Its-Time-To-Get-To-Work-FINAL.pdf>.

- Kentucky employers are desperate for workers, with more than 45,000 unfilled jobs currently posted online.

Office of Employment and Training, "Kentucky occupational outlook to 2024: A statewide analysis of wages, employment, growth, and training," Kentucky Department of Workforce Investment (2016), <https://kystats.ky.gov/Content/Reports/2014-2024%20KY%20Occupational%20Outlook.pdf>.

- Over the next decade, Kentucky employers can expect 84,000 job openings each year.
- Today's labor shortage means there are jobs available for all skill levels.
- Nearly three-quarters of job openings require a high school education or less.
- Nearly four out of five openings require no training or less than a month's training on the job.
- A whopping 87 percent of openings require no prior experience.

Bridging the Talent Gap, "Combined dashboard: Hiring landscape," Graduate Network (2018), <https://bridgingthetalentgap.org/combined-dashboard>.

- Four out of five Kentucky employers report having difficulty filling open jobs.
- Most job openings are for full-time, permanent positions.
- The low number of applicants and competition from other employers over those in the applicant pool are the two factors causing the most difficulty in filling open jobs.

Darla Carter and Darcy Costello, "There are not enough veteran nurses, so Kentucky hospitals are offering big cash bonuses," Courier-Journal (2017), <https://www.courier-journal.com/story/life/wellness/health/2017/10/06/kentucky-nurse-shortage-hospitals-cash-bonus/622301001>.

- Employers are scrambling to offer cash bonuses and other incentives just to find and keep workers.
- KentuckyOne Health is offering \$6,000 sign-on bonuses for nurses willing to stay with them for two years and up to \$24,000 in student loan payments for those committing to working for them for four years.
- Some Kentucky companies are offering thousands of dollars in bonuses just for referring potential workers.

Bureau of Labor Statistics, "Region, division, and state labor force participation rates, June 2018," U.S. Department of Labor (2018), <https://www.bls.gov/web/laus/lalfprder.xlsx>.

- Kentucky has one of the lowest labor force participation rates in the nation, sitting at just 59.1 percent.

Able-bodied adults on Medicaid aren't working

Council of Economic Advisers, "Expanding work requirements in non-cash welfare programs," Executive Office of the President (2018), <https://www.whitehouse.gov/wp-content/uploads/2018/07/Expanding-Work-Requirements-in-Non-Cash-Welfare-Programs.pdf>.

- Few able-bodied adults on Medicaid work full-time and most do not work at all.
- "The majority, 53 percent, did not work any hours while receiving Medicaid."
- "An estimated 60 percent worked fewer than 20 hours per week, 69 percent worked fewer than 30 hours, and 78 percent worked fewer than 40 hours."

Victoria Eardley and Nicholas Horton, "ObamaCare's not working: How Medicaid expansion is fostering dependency," Foundation for Government Accountability (2018), <https://thefga.org/wp-content/uploads/2018/07/MedEx-Not-Working-FINAL.pdf>.

- Most expansion enrollees in Kentucky are not working.
- "As of June 11, 2018, approximately 241,828 out of 462,572 expansion enrollees in Kentucky have no earned income, according to data provided by the Kentucky Cabinet for Health and Family Services."

Work Requirements are effective

Jonathan Ingram and Nicholas Horton, "The power of work: How Kansas' welfare reform is lifting Americans out of poverty," Foundation for Government Accountability (2016), <https://thefga.org/wp-content/uploads/2016/02/Kansas-study-paper.pdf>

- 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.
- Those leaving food stamps went back to work in more than 600 different industries and saw their incomes more than double on average.
- Higher wages more than offset lost benefits, leaving those affected financially better off.

Jonathan Ingram and Josh Archambault, "New report proves Maine's welfare reforms are working," Forbes (2016), <https://www.forbes.com/sites/theapothecary/2016/05/19/new-report-proves-maines-welfare-reforms-are-working>.

- 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.
- Those leaving food stamps saw their incomes more than double on average.
- Higher wages more than offset lost benefits, leaving those affected financially better off.

Nicholas Horton and Jonathan Ingram, "Work requirements are working for Kansas families: How welfare reform increases incomes and improves lives," Foundation for Government Accountability (2017), <https://thefga.org/wp-content/uploads/2017/07/Work-Requirements-are-Working-for-Kansas-Families.pdf>.

- When Kansas strengthened work requirement sanctions for able-bodied adults on TANF, it set in place a system to track wages and employment among those affected by the change.
- Those leaving TANF went back to work in more than 600 different industries and saw their incomes more than double on average.
- Higher wages more than offset lost benefits, leaving those affected financially better off.

Kenneth Hanson and Karen S. Hamrick, "Moving public assistance recipients into the labor force, 1996-2000," U.S. Department of Agriculture (2004), https://www.ers.usda.gov/webdocs/publications/46832/49356_fanrr40.pdf.

- The work-first welfare reforms of the 1990s moved millions of welfare recipients into the labor force with work requirements, spurring greater economic growth.
- "Between 1996 and 2000, the caseload for AFDC-TANF and the FSP fell, with many leavers entering the labor force."
- "This increase in the labor force produced an increase in GDP, which benefited the overall economy."

Mandatory requirements are necessary for success

Food and Nutrition Service, "Characteristics of Supplemental Nutrition Assistance Program households: Fiscal year 2016," U.S. Department of Agriculture (2017), <https://fns-prod.azureedge.net/sites/default/files/ops/Characteristics2016.pdf>.

- More than six million able-bodied adults are work registrants, who must participate in employment and training programs if assigned by states.
- Participation in employment and training programs is low.
- Just 380,000 able-bodied adults voluntarily participate.
- Another 2.2 million able-bodied adults participate in mandatory programs.
- The remainder do not participate at all, because they are not required to do so and have not voluntarily opted in.

Centers for Medicare and Medicaid Services, "Letter to Arkansas Department of Human Services re: approval of demonstration project 11-W-00287/6," U.S. Department of Health and Human Services (2018), <https://www.medicaid.gov/Medicaid-CHIP-Program-Information/By-Topics/Waivers/1115/downloads/ar/ar-works-ca.pdf>.

- Arkansas began referring able-bodied adults on Medicaid to the Department of Workforce Services for employment and training services, beginning in 2017.
- Fewer than 5 percent of those able-bodied adults ever accessed those services after referral.

Work will improve quality of life

Gordon Waddell and A. Kim Burton, "Is work good for your health and well-being?" Department for Work and Pensions (2006), <https://cardinal-management.co.uk/wp-content/uploads/2016/04/Burton-Waddell-is-work-good-for-you.pdf>.

- Work improves physical and mental health, while worklessness is associated with poorer health.
- "There is a strong evidence base showing that work is generally good for physical and mental health and well-being. Worklessness is associated with poorer physical and mental health and well-being. Work can be therapeutic and can reverse the adverse health effects of unemployment."
- "There is a strong, positive associate between unemployment and:
 - "increased rates of overall mortality."
 - "poorer physical health"
 - "poorer general health"
 - "poorer mental health and psychological well-being"
- "There is strong evidence that unemployment can cause, contribute to or aggravate most of these adverse health outcomes."
- "Aggregate-level studies of employment rates show that increased employment rates lead to lower mortality rates."
- "Re-employment of unemployed adults improves various measures of general health and well-being, such as self-esteem, self-rated health, self-satisfaction, physical health, financial concerns."
- "Moving off benefits and (re-)entering work is generally associated with improved psychological health and quality of life."

- “There is also a strong association between worklessness and poor health. ... This review found strong evidence that unemployment is generally harmful to health.”
- “The first comprehensive review of re-employment, presented here, provides strong scientific evidence that re-employment is associated with improved self-esteem, improved general and mental health.”

Joan K. Morris et al., “Loss of employment and mortality,” *British Medical Journal* (1994), <http://www.bmj.com/content/308/6937/1135>.

- Loss of employment among middle age workers is associated with significantly higher mortality risks.
- “The observed increased mortality in men experiencing a loss of employment supports the results obtained from other studies. After adjustment for a wide range of background variables including social class, health behaviour, and health status before loss of employment the mortality still remained significantly raised.”

William T. Gallo et al., “Health effects of involuntary job loss among older workers: Findings from the Health and Retirement Survey,” *Journal of Gerontology* (2000).

- Loss of employment among middle age workers is associated with worsening physical and mental health.
- “The findings provide evidence of a causal relationship between job loss and morbidity among older workers.”

Shan P. Tsai et al., “Age at retirement and long term survival of an industrial population: Prospective cohort study,” *British Medical Journal* (2005), <http://www.bmj.com/content/331/7523/995>.

- Early retirement is associated with higher mortality risks.
- “Employees who retired at 55 had a significantly increased mortality compared with those who retired at 65.”

Kenneth A. Couch et al., “Economic and health implications of long-term unemployment: Earnings, disability benefits, and mortality,” *Research in Labor Economics* (2013), <http://www.emeraldinsight.com/doi/abs/10.1108/S0147-9121%282013%290000038008>.

- Long-term joblessness is associated with higher mortality rates.
- “We find that 20 years later, long-term joblessness was associated with significantly lower earnings and higher likelihoods of the receipt of DI-SSI benefits as well as mortality.”

Jonathan Ingram and Nicholas Horton, “The power of work: How Kansas’ welfare reform is lifting Americans out of poverty,” *Foundation for Government Accountability* (2016), <https://thefga.org/wp-content/uploads/2016/02/Kansas-study-paper.pdf>.

- The more time able-bodied adults spend on welfare, the harder it is for them to return to the workforce.
- “Getting able-bodied adults off welfare quickly is critical to moving them back into the workforce as soon as possible. Adults who spend less than six months on food stamps are significantly more likely to find employment within three months of leaving food stamps than those who languish in the program for more than a year. Spending less time on food stamps is also related to higher incomes and larger income growth. In short, the less time spent on welfare, the quicker adults can get back to work and improve their financial situations.”

Kory Kroft et al., "Duration dependence and labor market conditions: Evidence from a field experiment," Quarterly Journal of Economics (2013), <https://academic.oup.com/qje/article-abstract/128/3/1123/1852133>.

- Job applicants are less likely to receive an interview callback the longer they have been unemployed.
- "Our results indicate that the likelihood of receiving a callback for an interview significantly decreases with the length of a worker's unemployment spell, with the majority of this decline occurring during the first eight months."

Per-Anders Edin and Magnus Gustavsson, "Time out of work and skill depreciation," Industrial and Labor Relations Review (2008), <http://journals.sagepub.com/doi/abs/10.1177/001979390806100202>.

- Longer periods of not working are associated with declining job skills relative to other workers.
- "They find statistically strong evidence of a negative relationship between work interruptions and skills. The analysis suggests that depreciation of general skills was economically important. A full year of non-employment, for example, was associated with a 5-percentile move down the skill distribution."