

ARIZONA'S MEDICAID ULTIMATUM: GET TO WORK OR LOSE COVERAGE



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On January 18, 2019, Arizona became the eighth state to receive approval from the Centers of Medicare and Medicaid (CMS) to implement "community engagement" or a Section 1115 Social Security Act waiver for Medicaid coverage. Under the new constraints, certain adults who acquire health coverage through Arizona's Medicaid program, Arizona Health Care Cost Containment System (AHCCCS), must perform and report a monthly quota of qualified work, education and/or volunteer activities to remain eligible for benefits. It is likely that once implemented the number of uninsured will increase -- impacting providers with an increased volume of uncompensated care.

MEDICAID IN ARIZONA

Medicaid is a health insurance program governed by federal requirements for low-income adults, children, pregnant women, elderly adults, and people with disabilities. Per Arizona's Department of Health Services, it covers 1.87 million Arizonans. This works out to nearly one in four state residents. State officials project that at least 120,000 Arizonans will be affected by the new requirement.



THE WAIVER

The waiver, called AHCCCS Works, does not yet have a clear timeline for its implementation, however, it is effective January 1, 2020. An estimated 120,000 low-income non-disabled adults ages 18-49 will be required to report at least 80 hours of work, education and/or volunteer activities per month to keep their Medicaid coverage through AHCCCS. If they fail to report by the 10th day of the following month without a good cause reason, such as disability, illness, severe inclement weather, a family

emergency, or another life changing event, they will be suspended from coverage for two months. A beneficiary whose eligibility is suspended will have his or her eligibility automatically reactivated at the expiration of the suspension period as long as he or she meets all other eligibility criteria. A beneficiary whose eligibility is suspended will also have his or her eligibility reactivated immediately if AHCCCS becomes aware that the beneficiary is no longer subject to the waiver requirements, including if the beneficiary is found eligible for another eligibility category or verifies that he or she currently qualifies for an exemption.

Per Section 1115 of the Social Security Act waiver, individuals aged 19 to 54 who are physically and mentally capable of working and are between zero and 138 percent of the Federal Poverty Level will be required to hold employment, attend school, attend an Employment Support and Development program, or some combination of those activities for at least 20 hours per week in order to maintain Medicaid coverage. If individuals fail to become compliant with the requirements within the initial six-month grace period of enrollment, they can be unenrolled and prohibited from re-enrolling until they have met the work requirements for 30 days. AHCCCS Works includes exemptions for nearly two dozen groups, including members of Native American tribes, people diagnosed with serious mental illness, and people with an acute medical condition.

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THE INTENDED PURPOSE

AHCCCS states the work requirements are aimed at encouraging enrollees to “gain and maintain meaningful employment, job training, education, or volunteer service experience.” In a written statement, Governor Doug Ducey said employment and community engagement are proven to have a positive effect on overall health and well-being. “By aligning educational and employment incentives, and providing robust job search support services and educational opportunities, Arizona can create pathways toward better health outcomes and employment opportunities for our citizens.”

RED TAPE AND MORE UNCOMPENSATED CARE

Not everyone agrees that the CMS waiver will have a positive impact. Arizona Congressman Tom O'Halleran asserts “This decision by CMS will leave thousands of Arizonans facing unnecessary red tape to access affordable health care they are entitled to by law. It will cost Arizona taxpayers millions of dollars to implement, and will result in more uncompensated care in our hospitals.” Arizona has not projected how many people will be unenrolled due to the work requirement, and has not estimated how much the program will cost to administer. The state currently covers an estimated 400,000 adults with incomes up to 138% of the federal poverty level. Joan Alker, a Medicaid researcher at Georgetown University projects “The vast majority of those folks are likely to become uninsured for at least some period of time—exposing them to financial peril and worsening health.”

The first state to implement a work-requirement was Arkansas. According to the Arkansas Department of Human Services, an estimated 18,000 residents lost their benefits within four months after the work requirement was implemented. It is safe to presume Arizona may face a similar fate.

Children's Action Alliance President and CEO Dana Wolfe Naimark said “People who are already working, or can't work for very specific reasons, could lose their health care due to paperwork errors, missing a filing deadline, or not getting enough work hours on their job.” There will also be hardships for many AHCCCS recipients in rural areas, where there are not many job opportunities and internet access is limited.

Director of health policy for the Children's Action Alliance, Siman Qaasim, argues the problem is the law fails to recognize the kind of things that will disqualify people. “It's fine to say that people should be working 20 hours a week. It just doesn't happen in real life with people working certain jobs getting to come in only when they're assigned a shift. They want to work.” Furthermore, people who get sick and do not meet the work requirements for that month then find themselves in the position where they have neither work nor health care.

HEALTH CARE PROVIDERS NEED TO PREPARE

Health care providers and patient advocacy groups warn that work requirements will lead to large coverage losses, causing disruptions in care for people with chronic conditions and driving up uncompensated care costs. They argue that taking coverage and healthcare away from low-income adults will make it harder for them to find and keep employment, and that there is no evidence such requirements result in higher employment rates for this population. Health care providers may be flooded with uncompensated care and families struggling with health issues.

Health care providers will need to be proactive to ensure they are ready for the coming changes:

- Stay informed of the implementation plans and oncoming changes;
- Vocalize provider impacts to governmental officials with decision-making authority;
- Continually evaluate Medicaid development strategies as Medicaid legislative changes may negatively impact their bottom line;
- Engage with beneficiaries and partner organizations to ensure a smooth transitions, continued coverage and reliable budgeting for all affected parties;
- Educate patients about the new requirements and the impact non-compliance will have on their coverage; and
- Prepare for risks to Medicaid revenue which may potentially cause a dip in services provided to Medicaid beneficiaries.

CONCLUSION

The Arizona Hospital and Healthcare Association (AzHHA), which previously indicated it would prefer no work requirement, was guarded in its reaction to the waiver. “We appreciate that the final plan includes exemptions for some of the most vulnerable clients and populations where a work requirement might be greatly limited by their healthcare needs,” said CEO Greg Vigdor. “AzHHA and its members will monitor the impact of this approved plan on patients across Arizona as it goes into effect, and will continue to work with the Ducey administration and AHCCCS to make sure that our program serves Arizonans well into the future.” Although AHCCCS ensures that enrollees who meet the new requirement will receive detailed information about how to comply, health care providers need to ensure preparations are made to deal with this impending regulation.

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