

Potential Effects of Work Requirements in Montana's Medicaid Program

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Executive Summary

In 2016, Montana expanded its Medicaid program under the Health and Economic Livelihood Partnership (HELP) Act. Legislators are considering a bill, the Medicaid Reform and Integrity Act (MeRIA), to impose work requirements (“community engagement”) and terminate Medicaid insurance coverage if beneficiaries work less than 20 hours a week for three or more months. This analysis is based on a draft of the bill dated February 5, 2019.

Work requirements could cause between 26,000 and 36,000 low-income adults to lose Medicaid coverage (30% to 41% of the 87,000 beneficiaries aged 19 to 59 years old). Analyses of Census data show that among those most likely to be terminated:

- One-quarter (26%) are parents of minor children.
- One-quarter (23%) have a dependent with a disability.
- One-quarter (26%) are in school.
- More than a third (37%) have seasonal employment and work six or more months of the year, but not enough to meet the requirements all year.
- One-sixth (17%) lack internet access, reducing their ability to report their work hours or exemptions.
- More than a third (37%) live in more rural areas of Montana. Because there may be fewer job opportunities in rural areas, rural Montanans may experience greater losses.
- One-ninth (11%), or more than 3,000 adults, are Native Americans.

These changes are especially problematic since Montana has already pioneered HELP-Link, its voluntary work promotion system for those on Medicaid, that has provided training and helped increase employment. HELP-Link has been viewed as a national leader.

Those who lose insurance coverage will have worse access to health care, which could harm both their health and financial well-being. In addition, hospitals, community health centers and similar facilities, particularly those in rural areas, will lose Medicaid revenue and have to care for more uninsured patients. This will destabilize them financially, increasing the risks of service cutbacks or closures.

The proposal makes other changes too. Raising the monthly premiums that must be paid will also lower participation, leading about 9% to drop coverage, which would be 5,000 to 7,000 people in addition to those lost due to work requirements. Combining the two policies, between 31,000 and 43,000 low-income Montanans would lose Medicaid coverage due to the policies proposed. Ending 12-month continuous eligibility will disrupt the continuity of health care, making it more difficult, for example, for a diabetic to get his or her medications or insulin all year, and also increase administrative costs.

Introduction

In January 2016, Montana implemented the Health and Economic Livelihood Partnership (HELP) Act, which:

- (1) expanded Medicaid eligibility to 138 percent of the poverty line (equivalent to \$29,435 for a family of three) from about 51 percent of the poverty line for parents and extended eligibility to non-disabled non-elderly adults without dependent children, who were not previously eligible;
- (2) created a voluntary program, HELP-Link, to help Medicaid beneficiaries find work;
- (3) established monthly premiums for HELP coverage equal to 2 percent of participant income and
- (4) extended 12 months of continuous eligibility to adults.

Montana legislators are considering the proposed Medicaid Reform and Integrity Act (MeRIA). This report analyzes the potential effects of this proposal based on a preliminary draft bill dated February 5, 2019. Elements of the proposal may change and evolve, so readers should be cautious in interpretation. MeRIA would:

- (1) require 18 to 59 year-old Medicaid HELP enrollees (those with expanded eligibility) to have 80 hours per month (20 hours per week) of “community engagement” or lose Medicaid coverage after three months (i.e., establish a work requirement);
- (2) increase premiums for those enrolled more than two years, up to a maximum of 5 percent of income; and
- (3) terminate 12-month continuous eligibility.

Implementation of MeRIA assumes that the federal Centers for Medicare and Medicaid Services (CMS) approves a Section 1115 demonstration waiver for these changes. While CMS has approved several states’ community engagement waivers, a lawsuit challenging the first approved waiver led a federal court to overturn CMS’ approval of Kentucky’s project; the court expressed concerns that large numbers of Medicaid enrollees could lose insurance coverage due to work requirements. Since then, CMS approved other states’ waivers and re-approved Kentucky’s waiver. But legal challenges continue and the question of whether CMS has the legal authority to approve these projects is not resolved. In the event that CMS does not approve the community engagement provisions, MeRIA indicates that the HELP expansion would not be funded.

This report addresses which Montanans would be affected by the work requirements, how many might lose Medicaid coverage and potential effects of provisions regarding premiums and continuous eligibility.

How Do Proposed Policies Compare to Other Work Requirements?

To understand the effect of the policies proposed in MeRIA, we compare them to existing work requirements in Arkansas, the first state to implement Medicaid work requirements, and the national Supplemental Nutrition Assistance Program (SNAP), which applies strict work requirements to certain participants (Table 1). While the three sets of policies share similar broad goals, the MeRIA policies are much harsher and would lead more people to lose benefits.

MeRIA requires a similar level and type of activities as Arkansas Medicaid work requirements¹ and SNAP work requirements for able-bodied adults without dependents (ABAWDs).² All programs require at least 80 hours a month of work activities to maintain Medicaid coverage, which can be fulfilled by work, job training, or volunteer (“workfare” in SNAP) hours. (The SNAP program does not count job search activity; Arkansas counts up to 39 hours a month and MeRIA

Table 1. Comparison of MeRIA, Arkansas Medicaid and SNAP Policies

	Proposed MeRIA	Arkansas Medicaid	SNAP
Target population	Expansion enrollees ages 19 to 59	Expansion enrollees ages 19 to 49	Able-bodied adults without dependents ages 18 to 49
Work Requirement	80 hours/month	80 hours/month	80 hours/month
Countable activities			
Work	Yes	Yes	Yes
Volunteering	If approved	Yes	Approved workfare programs
Part-time school	Yes	Yes	No
Job Search	Up to 20 hrs/mo, if for unemployment insurance	Up to 39 hrs/mo	No
Substance use treatment	Yes	Exempt from requirement	Exempt from requirement
Other	Community corrections program; Tribal Care Plan participation (1)	Health education class	None
Exemptions from Compliance			
Parents	Full-time caregivers of child under age 7	All parents with a child under age 18	All parents with a child under age 18
Pregnant	If health provider certifies unable to work (2)	Yes	Yes
Medically frail/disabled	Yes	Yes	Yes
Caring for a disabled family member	Yes	Yes	Yes
Students	Full-time high school students. Full-time college students only if school lacks student health plan. (3)	Full-time students in college, job training, or vocational programs	Students enrolled at least half time
Exempt from SNAP work requirement	No	Yes	N/A
Temporary/ good cause	Yes	Yes	No

Notes: (1) The Tribal Care Plan does not currently exist. (2) CMS policy exempts all pregnant women, so CMS might not approve a more limited exemption. (3) Major colleges in Montana have student health plans; few students would be exempt.

Sources: Draft of the Montana Medicaid Reform and Integrity Act (MeRIA) dated February 5, 2018; Centers for Medicare and Medicaid Services. Arkansas Works Section 1115 Demonstration Approval. March 5, 2018. <https://www.medicaid.gov/Medicaid-CHIP-Program-Information/By-Topics/Waivers/1115/downloads/ar/ar-works-ca.pdf>; Arkansas Department of Human Services. F-200 Work and Community Engagement Requirement for the Adult Expansion Group. May 5, 2018; Food and Nutrition Service. Able-Bodied Adults Without Dependents (ABAWDs). July 17, 2018. <https://www.fns.usda.gov/snap/able-bodied-adults-without-dependents-abawds>

proposes allowing 20 hours for people receiving unemployment benefits.)

MeRIA is more severe, however, in that it applies to a broader population and exemptions are more limited than in Arkansas Medicaid or SNAP ABAWD policy. Montana intends to exempt only full-time caregivers of children ages 6 and under, while both Arkansas and SNAP ABAWD policy exempt all parents and others living in a household with a minor child. Using 2016-2017 ACS data, we estimate that the parental exemption would apply to about 1 in 5 HELP beneficiaries with children under 18 at home. Further, MeRIA proposes to extend requirements to those ages 50 to 59, who are exempt in Arkansas and SNAP; this population will comprise about 19% of those subject to the requirement. These older adults will have both a harder time finding work and have more serious health problems, which means they are at greater risk.³

MeRIA provides a very limited exemption for students, exempting full-time college students only if the college does not offer a student health plan. All major Montana universities offer student health insuranceⁱ (at significant cost); the exemption will apply to few students. In contrast, Arkansas exempts all full-time students in college or vocational training programs and SNAP requirements exempt students enrolled half-time or more. Montana also uniquely proposes to exempt pregnant women only if a healthcare provider certifies that they cannot work; CMS may reject this provision because federal policy indicates work requirements may only apply non-pregnant enrollees.⁴ The three programs all exempt those medically certified as unfit to work and caregivers of incapacitated relatives.

MeRIA proposes to terminate beneficiaries who (1) do not meet the requirement in a given quarter and (2) do not fulfill the requirement in the next quarter. How this will be operationalized is unclear. Beneficiaries who lose coverage will be locked out for 6 months, after which they need to demonstrate that they can meet the requirement to qualify for coverage again. In Arkansas, beneficiaries who are terminated for not meeting the requirement can receive coverage as of January 1 of the next calendar year and do not need to have a plan to meet the requirement.

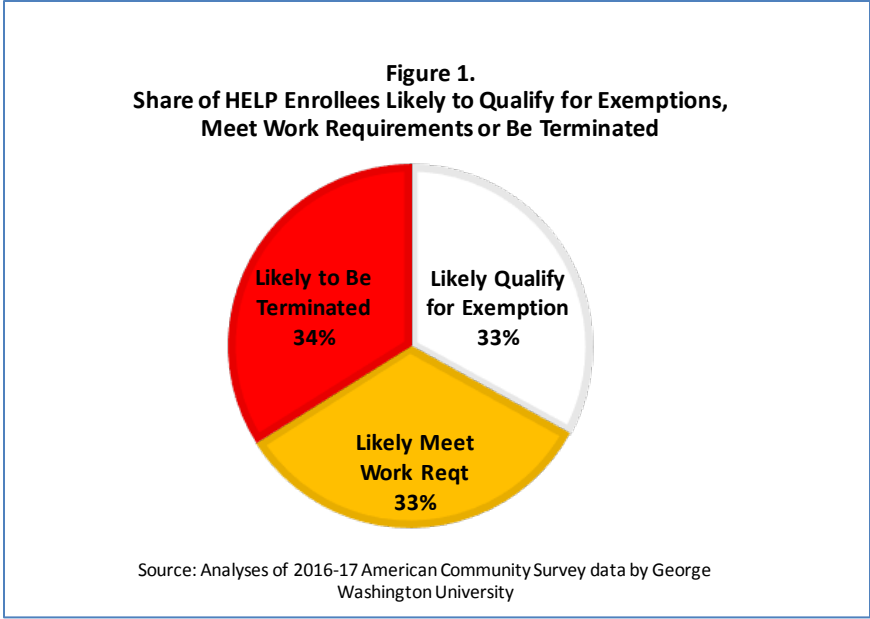
It is important to note that the additional paperwork/administrative barriers will likely cause some who are exempt from or meeting the requirement to lose Medicaid coverage. Many who work enough hours or meet exemption criteria may not be adequately informed about the policies, might not understand notifications from Medicaid, or might be unable to report work activities or exemptions because they lack internet access, are not literate, or have mental health problems.⁵ An analysis by the Kaiser Family Foundation indicated that the majority of those expected to lose coverage due to work requirements would be disqualified because of reporting problems, rather than actually not meeting the requirement.⁶

Who Could Be Affected by MeRIA?

We use data from the Census Bureau's 2016 and 2017 American Community Survey (ACS)⁷ to describe the population who appear to meet criteria for exemption from the requirements, those who work enough hours, and those who appear most likely to be terminated. We estimate that 92% of HELP beneficiaries are in the 19-59 target age range, which is 87,000 of the 95,000 beneficiaries currently enrolled in HELP.

ⁱ The Montana University Student Insurance System, which includes the largest higher education institutions in the state, including the University of Montana and Montana State University systems, offers student health insurance at a current cost of \$1,811 per semester. <https://www.bcbsmt.com/shop-plans-and-products/student-health-insurance-plans>.

Within the target population of Montana HELP enrollees ages 19-59, we estimate that 33% will likely qualify for an exemption, 33% may meet the work requirement, and the remaining 34% will likely not meet the requirement and are at greatest risk of termination (Figure 1). We assume that individuals who work at least 20 hours a week for 9 months out of the year or more will meet the requirement. The exempt category includes individuals who could likely



receive an exemption due to disability/medical frailty, full-time caregiving for pre-school age children, school enrollment (high school only), or pregnancy; we lack information to model other exemptions. Further details are provided in the Methodology section at the end of this report.

Table 2 provides more detailed demographic information about the three groups. Those who are not currently meeting or exempt from the requirement are highly likely to lose coverage. We find that nearly half of this group (46%) is between the ages of 19 to 29; younger adults are more likely to be unemployed than adults in their prime working years (Table 2).⁸ In line with youth of many in this group, over a quarter (26%) are currently in school.

About a quarter (26%) are parents of children and 23% have a family member with a disability; these individuals could have difficulty meeting the requirement due to caregiving responsibilities. Most have a high school education or less. About 1 in 20 (5%) are in a household without a vehicle and 1 in 6 (17%) do not have any internet access at home. Over a third (37%) live outside of areas containing the four major economic centers in Montana.

One-ninth (11%) of those most likely to be terminated are Native American, which is more than 3,000 adults. MeRIA specifies that enrolled members of Montana Indian tribes who live in reservations and are members of an approved Tribal Care Plan would meet the work requirement. We note that about half (47%) of Montana Indians live off the reservation, so would not qualify.⁹ Moreover, there is no Tribal Care Plan at this time, so it does not appear that any would meet the condition at this time. Moreover, MeRIA only requires that the hypothetical Tribal Care Plans include preventive health services and does not require that acute care services, such as most physician or mental health care, hospital care, nor medications, be offered.

Individuals who qualify for an exemption or work sufficient hours are still at risk of losing coverage due to the substantial reporting requirements and administrative complexity inherent with such programs. About a quarter (26%) of those who may need to report an exemption and one-sixth (17%) of those who may need to report work activities have no internet access at home. In addition to not having broadband or dial-up service, no one in the household of these individuals has a cellular data plan. Individuals who have internet access may still face difficulty navigating the reporting process, as has been widely reported in Arkansas.¹⁰

Table 2: Characteristics of Montana HELP beneficiaries likely subject to the work requirement

	Likely Exempt	Required To Work		All Beneficiaries In Target Population
		Likely Meeting Work Req. (9+ months work, average 20 hrs/wk)	Likely to be Terminated (less than 9 months work, 20 hrs/wk)	
Age categories				
19-29	31%	38%	46%	38%
30-49	45%	48%	35%	43%
50-59	23%	14%	19%	19%
Race/ethnicity				
White, Non-Hispanic	75%	82%	80%	79%
Black, Non-Hispanic	0%	1%	1%	1%
Hispanic	5%	5%	4%	5%
Native American	15%	7%	11%	11%
Other/Mixed	5%	5%	5%	5%
Gender				
Male	40%	45%	48%	44%
Female	60%	55%	52%	56%
Employment in the past year				
Any employment	51%	100%	66%	73%
Worked 6 months or more	34%	100%	37%	57%
Education				
Currently in school	10%	13%	26%	16%
No high school diploma	23%	11%	14%	16%
High school graduate	60%	62%	60%	61%
College+ graduate	16%	27%	26%	23%
Family responsibilities				
Parent of a minor child	45%	51%	26%	40%
Family member is disabled	29%	15%	23%	22%
Barriers to employment				
No access to internet (including via cellphone data)	25%	17%	17%	19%
No vehicle in household	11%	2%	5%	6%
Lives in More Urban Areas of Montana				
More Urban	56%	63%	63%	61%
More Rural	44%	37%	37%	39%

Source: GWU analysis of 2016-2017 American Community Survey data

Many people likely to lose coverage are already in the labor force but have fluctuating or insufficient hours. Over one-third (37%) of people who are not meeting the requirement worked for at least 6 months out of the previous year while nearly two-thirds (66%) worked at least one week. This demonstrates that many Medicaid beneficiaries are already working when they can but cannot maintain half-time employment consistently, in line with prior analysis of national data.¹¹ For

individuals who are already working when work is available, conditioning Medicaid coverage on a specific, consistent level of work can only serve to take away coverage.

How Many HELP Enrollees Might Lose Coverage Due to Work Requirements?

The section above describes characteristics of those likely to be affected by MeRIA work requirements based on survey data. But some of those who appear to meet work requirements or to be exempt might lose coverage because they fail to comply with reporting requirements or because their circumstances change. Similarly, some not currently meeting requirements may also change status, such as by finding employment.

The best information that currently exists about the effects of work requirements on enrollment comes from (1) the state of Arkansas which began Medicaid work requirements in June 2018 and (2) the Supplemental Nutrition Assistance Program (SNAP, formerly food stamps) which has been expanding work requirements across the nation for several years.

In Arkansas, over 18,000 adults lost Medicaid coverage as of December 2018, in the first phase of implementation. Although those terminated could apply for enrollment again in January 2019, as of January 15, less than 1,000 had done so.¹² In recent analyses, we estimated that 26 to 30% of Arkansans subject to work requirements would lose coverage as a result over the course of a year, while as many as 41% of Kentuckians would lose coverage under that state's waiver. The proposed MeRIA policies are harsher than Arkansas', so the loss of Medicaid coverage would probably be more similar to Kentucky.

Arkansas' policies were designed to emulate those that have been used in SNAP for many years for able-bodied adults without dependents (ABAWDs). We recently completed a rigorous econometric evaluation of the effects of SNAP work requirements in over 2,400 counties across the country from 2012 to 2017, which examined the implementation of work requirements for able-bodied adults without dependents (ABAWDs) as state or local waivers expired.¹³ The analysis, which also controlled for changes in unemployment, poverty and Medicaid expansions, found that work requirements led one-third of ABAWD participants to lose nutrition assistance within a few months of implementation. The proposed MeRIA policies appear stricter than the SNAP requirements, so the potential effects could be larger.

The SNAP analysis above also found that federal nutrition assistance revenue flowing into states fell by more than \$2 billion per year due to work requirements. Recent research by the Bureau of Business and Economic Research at the University of Montana has examined the economic and employment benefits of Medicaid expansion due to the additional federal funds flowing into the state.¹⁴ MeRIA would reduce Montana's economic and employment gains; Medicaid enrollment reductions reduce federal funding flowing into Montana.

Currently there are about 87,000 HELP enrollees 19-59 who may be subject to proposed work requirements. Based on the available information, we estimate that between 30% and 41% of these 19-59 years old would lose coverage due to work requirements over 12 months. That is, about 26,000 to 36,000 Montanans. Coverage losses may be higher because of the narrower exemptions in the Montana proposal.¹⁵ Furthermore, most of the people who received exemptions in Arkansas were exempted based on administrative records.¹⁶ While parental status can usually be gleaned from administrative records, there is no easy way to determine who is a full-time caregiver.

If Montana narrowed the target population to only ages 19 to 49 as in Arkansas and SNAP, the target population affected would decrease by approximately one-fifth. Even if the exemptions proposed in MeRIA became closer to Arkansas' Medicaid or SNAP policies, the evidence indicates a substantial share of the target population – roughly one-third – would lose Medicaid coverage.

The consequences of MeRIA will depend not only on the specific policies, but on implementation. It is likely that many people who are actually working sufficient hours or who meet criteria for exemptions will not understand the system, experience problems reporting their work hours or their exemptions and inadvertently lose Medicaid coverage. In order to reduce administrative burden, some hope the state can use existing automated data to determine who meets or is exempt from work requirements, but it is inevitable that implementation would require a large number of beneficiaries to self-report on an ongoing basis.

For example, Montana could use existing wage reporting systems to approximate when a person has worked enough hours to meet the 80 hour work requirement.ⁱⁱ But 15 percent of Montana Medicaid enrollees are self-employed and their hours are not reported in the wage reporting system.¹⁷ And many exemptions, such as being a full-time caretaker of a child or dependent, being medically frail (other than disability under the Supplemental Security Income program), pregnancy and full-time education are not readily determined through current automated systems. Moreover, Census data indicate that about 17% of the group required to work lacks internet access, which places them at increased risk of not meeting reporting requirements. Experience in Arkansas demonstrated that many misunderstood work requirements and had problems using the reporting system.¹⁸

Consequences of Losing Medicaid. Very few of the estimated 26,000 to 37,000 adults who could lose Medicaid coverage will be able to gain private insurance instead. Most of those terminated from coverage will have very low incomes, mostly well below the poverty line, and will not have access to employer-based insurance. Those below the poverty line are not eligible for premium tax credits under the ACA health insurance marketplace. And they are unlikely to be able to afford private insurance on their own: typical employer-based insurance in Montana cost around \$6,000 to \$7,000 per year in 2017 and non-group coverage will be comparably priced or have much higher cost-sharing.¹⁹

Research clearly shows that Medicaid expansions increase insurance coverage, health care access and strengthen financial well-being and health.^{20 21} The proposed work requirements will reverse these gains for those who lose coverage.

Problems for Safety Net Health Providers. While some low-income uninsured people can receive free or discounted care from safety net hospitals or community health centers, the combined loss of Medicaid coverage and surge in uninsured patients would create serious, destabilizing effects for these facilities, particularly those in rural areas.^{22 23} For example in 2017, Montana health centers served 107,000 patients, of which 40,500 were on Medicaid and 23,000 were uninsured, according to data from the federal Uniform Data System. Health centers cannot absorb a massive increase in the number of uninsured patients while also losing substantial Medicaid revenue without risking bankruptcy or major cutbacks in services.

ⁱⁱ Actually, wage reporting only indicates how much a person has earned in each job, not the number of hours, which can lead to inaccurate estimates of hours worked, and the data is generally several months behind. Arkansas administratively approximated whether a person met the work requirement by simply using the minimum wage times 80 hours per month. In Montana, that usually equals \$8.50/hour * 80 hours per month = \$680 per month. Those who had a higher wage rate might have worked fewer than 80 hours at that income level, however. At the same time, however, small Montana businesses (with less than \$110,000 in sales) may use a \$4.00/hour minimum wage, so some with such low wages may work more than 100 hours and still not meet the \$680 threshold.

Do Work Requirements Increase Employment?

Some argue that work requirements help low-income unemployed people get jobs and improve their livelihood. For example, a recent report by the Buckeye Institute claimed that Medicaid work requirements would increase recipients' lifetime earnings by hundreds of thousands of dollars.²⁴ But this deeply flawed analysis simply compared incomes of those who worked more vs. less than 20 hours a week and -- not surprisingly -- found that those who work more earn more. However, the report did not even attempt to assess whether work requirements actually helped people increase work hours; it simply assumed that every single person who worked less than 20 hours immediately and permanently increased their hours of work.

Rigorous research shows that, at best, work requirement programs might lead to a tepid and short-lived increase in employment, but not long-term improvements in work, incomes or health.^{25 26 27 28} A recent study found that imposing work requirements in SNAP had no significant impact on labor supply.²⁹ Medicaid participants subject to the work requirement in Arkansas report that the new requirements increase their anxiety and stress,³⁰ not their opportunities or motivation to work.

Poor people understand that working more increases their incomes but may be unable to get steady work because of limited job opportunities. Job growth in Montana has mostly occurred in urban areas, including Yellowstone, Missoula, Gallatin and Flathead Counties, but has stalled or even fallen in more rural areas,³¹ suggesting that work requirements would cause a larger share of rural Medicaid beneficiaries to lose coverage. In addition, low-income adults often lack the skills, education or experience to get steady jobs in today's economy. They often face barriers to employment, such as the need to care for children or other dependents, a lack of transportation to work, or mental health or other health problems that make regular work difficult.³²

The threat of the removal of health insurance does nothing to address these barriers. Work requirement programs typically invest very little in providing job training or education to upgrade people's skills, nor in supports like child care or transportation needed for regular work. In fact, CMS has prohibited the use of Medicaid funds for job training or related work supports.³³ While Montana already has made some services available through HELP-Link, the mandatory nature of MeRIA would likely outstrip current resources.

Given the lack of evidence that work requirements improve employment or income and the abundant evidence that they cause low-income people to lose benefits, the evidence indicates that Medicaid work requirements create more harm than good.

Montana's Successful HELP-Link Program. In contrast, Montana has already implemented a voluntary work promotion program that helps HELP enrollees find work without terminating coverage if they are unsuccessful.^{34 35} As of June 2018, almost 25,000 Medicaid beneficiaries had received work services from the Department of Labor and Industry and 2,900 received intense one-on-one training.³⁶ Analyses by the Bureau of Business and Economic Research at the University of Montana estimated that HELP-Link increased employment of low-income Montanans by 4 to 6 percent, based on difference-in-difference analyses using Census data.³⁷ In light of the success of Montana's voluntary approach, the state of Maine recently announced that it has dropped plans to impose Medicaid work requirements and is shifting to a voluntary system.³⁸

It is not clear that the proposed work requirements will do any more to spur employment than the voluntary, targeted system that Montana has pioneered.

Effects of Higher Medicaid Premiums

Under HELP, participants with incomes greater than 50 percent of poverty must pay 2 percent of their income to cover monthly insurance premiums. MeRIA proposes to gradually raise

premiums by 0.5 percent per year for those enrolled more than two years, with a maximum rate of 5 percent.

Between January 2017 and November 2018, more than 4,500 people lost Montana Medicaid coverage due to non-payment of existing premiums.³⁹ Higher premium levels will be even less affordable for many poor people. If forced out of Medicaid by high premiums, these low-income people would be very hard pressed to get private health insurance.

Research clearly shows that higher premiums lead to lower uptake of insurance coverage and faster disenrollment.^{40 41} As costs rise, low-income people find insurance increasingly unaffordable and, even if they want and can afford insurance at the beginning, often have problems maintaining regular payments over time and are forced to disenroll. Moreover, since higher premiums depress enrollment, the amount of revenue gained from premiums is marginal. Data from one widely-used study indicates that raising Medicaid premiums from 2 percent of income to 3 percent would lead to a 24% decline in participation and raising it from 2 to 5 percent would lead to a 61% decline.⁴²

As of December 2018, 37% of HELP enrollees had participated for more than two years,⁴³ but this share ought to increase as the program ages (after all, it just began in January 2016). These losses will be in addition to the losses caused by work requirements. To illustrate the possible effects, if premiums are raised to 3 percent of income for those enrolled three or more years, we would expect that about 9% (37% enrolled for two or more years times 24% decline in participation) of remaining enrollees would be forced to drop off. If 26,000 to 36,000 have already lost coverage due to work requirements, an additional 5,000 to 7,000 would be forced off due to higher premiums.

Effects of Limiting Continuous Eligibility

MeRIA also proposes to discontinue the policy of 12 months continuous Medicaid eligibility, previously added by the HELP Act, which would increase harmful churning. Continuous eligibility policies are designed to minimize disruptions of medical care so that, for example, a diabetic can continue to get the medications or insulin needed to maintain health. Previous research has shown that disruptions of Medicaid coverage can increase the number of avoidable hospitalizations for diabetes, asthma, mental health problems, etc.^{44 45}

Continuity of coverage and access to preventive and primary health care helps Medicaid save money. Research has demonstrated that as enrollees stay on Medicaid longer, the average monthly costs for medical care fall.^{46 47} People tend to use medical care more soon after they become insured, so expenditures tend to decline as they stay enrolled. Thus, terminating insurance coverage sooner disrupts care, but does not reduce total medical costs much. This is particularly problematic for Montana, which uses a Primary Care Case Management system, because most Medicaid costs are fee-for-service. Ending continuous coverage also increases administrative costs for the state and for health care providers, as enrollees churn off and on the system more often.⁴⁸

Methodology for Analyses of Census Data

We used versions of the 2016 and 2017 Census Bureau's American Community Survey (ACS) published by the Minnesota Population Center, which provides information on parental status and age of youngest child.⁴⁹ Similar to previous analyses conducted by the Urban Institute on Arkansas and Kentucky,⁵⁰ we use ACS data to characterize Montana HELP participants who would likely be exempt from, meet, or not meet new work requirements.

We identified likely Medicaid recipients who would be in the target population required to meet or be exempt from the work requirement according to the following criteria:

- Likely HELP enrollees: Those who report Medicaid coverage and do not report SSI or Medicare, which indicates likely Medicaid eligibility on the basis of disability. We include parents only if household income is at least 50% of the FPL, since parents with lower incomes could be enrolled in traditional Medicaid and would not be affected by the requirement. Following Lynch, et al., 2011⁵¹ we used logical coverage edits to assign Medicaid coverage to certain low-income respondents who report private coverage but are unlikely to have a means of obtaining it.
- Age range: ages 19 to 59. Those above or below this age range should be automatically exempt.

We estimate that Medicaid recipients who meet the following criteria could qualify for an exemption from the work requirement:

- Students: Current high school students only. We do not consider college students since MeRIA only exempts those who are not offered school health insurance, which is available in most colleges.
- Pregnant women: We use report of having a child in the past year as a proxy for pregnancy. MeRIA proposes to exempt only pregnant women who are certified by a health care provider to be at risk due to pregnancy. In contrast, CMS policy appears to exclude all pregnant women.
- Full-time parents of children under 7: We designate one non-working parent per health insurance unit (similar to household) as exempt.
- Medically frail/disabled: The ACS assesses disability in 6 domains: vision, hearing, cognition, ambulation, self-care, and independent living. We assume that anyone who reports difficulty in any of these domains would be eligible for an exemption based on disabled/medical frail status.
- We cannot address other exemptions, most notably full-time caretakers of disabled relatives. However, information from Arkansas indicates that this exemption is used much less often than the three most common exemptions, which are parental status, medical frailty, and already exempt in SNAP.⁵²

Likely HELP enrollees who report working 40 or more weeks a year and an average of at least 20 hours per week are assumed to meet the work requirement, since they would have less than three months per year of less than half-time employment. Those who work less or not at all are assumed to not meet the requirement. We do not have information about volunteering which may also count as community engagement, if approved by the state.

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