May 24, 2018

Speaker Timothy Moore
16 W Jones Street, Room 2304
Raleigh, NC 27601-1096

Dear Speaker Moore:

NC Child along with the organizations signed below are writing to express our strong opposition to work requirements for North Carolina’s Medicaid recipients. Medicaid provides health insurance for 1 in 6 North Carolinians, including children, seniors, people with disabilities, pregnant women, and parents with extremely low incomes. Instituting work requirements will:

- Impose a costly administrative burden for state and local governments;
- Undermine efforts to fight the opioid crisis and increase pressure on North Carolina’s strained foster care system;
- Hurt people with disabilities;
- Subject parents to a “Catch 22” in which meeting the work requirements will increase their incomes too high to qualify for Medicaid.

Work Requirements Will Create Unnecessary, Burdensome, and Expensive Red Tape

Medicaid work requirements will be extremely costly and create government bureaucracy. In addition to Medicaid Transformation, the state will have to create new systems for eligibility; develop new systems for Medicaid enrollees to document compliance with the new requirements and rules for exemptions; and train staff to manage the influx of paperwork and documentation to make accurate and timely decisions on eligibility.

Considering the backlog and administrative burden on counties using NC FAST, managing work requirements will be complex and may even cause people to lose coverage due to county and state error. For example, many Medicaid enrollees will be exempt from employment-related requirements, but could still be at risk for losing coverage as a result of administrative barriers including completing and processing paperwork to prove exemption. Some states predict that they will have to hire up to 300 new staff and spend millions of taxpayer dollars to administer the work requirement program. The state of Kentucky expects to spend $187 million in 2019 to implement a similar requirement.

Work Requirements Undermine Efforts to Fight the Opioid Crisis and Could Send More Children into Foster Care

North Carolina is experiencing an opioid crisis. Medicaid plays an important role in fighting this public health crisis, covering more than 1 in 5 buprenorphine prescriptions used to treat opioid addiction. For those seeking treatment of substance use disorder, losing coverage would severely harm their chances of recovery.

As the opioid epidemic continues to impact rural and urban communities throughout the state, more children are entering foster care. Imposing mandatory employment activities will lead to many parents losing health coverage. They will be unable to seek treatment for opioid misuse and other substance use disorders, and will thus create household environments that put children at risk for abuse and neglect.
Work Requirements Hurt People with Disabilities

Even though enrollees who can work are largely engaged in work,\(^{vi}\) more than 4 out of every 5 Medicaid enrollees is a senior, a child, or a person with a disability or chronic illness.\(^{vi}\) Even if made exempt, many people with disabilities and chronic conditions are likely to slip through the cracks. Nearly 250,000 non-elderly North Carolinians with Medicaid have a disability, but over half of them do not receive federal disability assistance, and therefore would be subject to the requirement.\(^{viii}\) After all, North Carolina has one of the longest waiting periods for Social Security Administration disability determinations in the country. It often takes 2-4 years to begin accessing disability benefits and the associated Medicaid eligibility after applying for benefits, so we cannot assume that all adults who are eligible outside of the Aged, Blind, and Disabled category do not have a disability. Even if made exempt from the requirements, North Carolinians with disabilities would likely lose their coverage, as they would have a hard time documenting their condition and inability to work.

Work Requirements Subject Parents to Brutal “Catch 22”

Given the very low income caps that parents face for Medicaid eligibility, gaining employment or working more hours at an existing job could meet the work requirement but lead to parents losing their Medicaid eligibility and becoming uninsured.\(^{ix}\) For example, a single parent taking care of a young child would be subject to the work requirement; if they got a part-time (20 hours/week) job with minimum-wage pay, they would make too much to qualify for Medicaid. In fact, they would fall into the coverage gap—too much income to qualify for Medicaid and not enough to qualify for financial help to purchase a private plan on their own. Many North Carolinians would be stuck in a brutal catch 22: lose their Medicaid to stay at home and take care of their families, or leave their families to seek work and end up losing Medicaid anyway. Centers for Medicare & Medicaid Services (CMS) Administrator Seema Verma contemplated this very problem of a subsidy cliff: “Because there is no tax credit for them to move on to the exchanges, what happens to those individuals? We need to figure out a pathway, a bridge to self-sufficiency.”\(^{x}\) CMS has not yet approved such a waiver in a state that hasn’t closed its coverage gap, and it may be unlikely to do so.

Rushing to pass legislation to impose work requirements is short-sighted, costly, and burdensome to the state and people with Medicaid coverage. We ask that you oppose inclusion of a Medicaid work requirement in the forthcoming conference bill.

Sincerely,

Advocates for Medically Fragile Kids
Charlotte Center for Legal Advocacy
Disability Rights NC
EqualityNC
Health Care Justice NC
MomsRising
National Health Law Program
National MS Society
NC Child
NC Council of Churches
NC Pediatric Society
North Carolina Justice Center

i https://www.cbpp.org/sites/default/files/atoms/files/5-23-18health2.pdf
ii https://www.cbpp.org/blog/proposed-medicaid-eligibility-restrictions-have-costly-unintended-consequences
iii https://www.cbpp.org/sites/default/files/atoms/files/5-23-18health2.pdf
v https://www.northcarolinahealthnews.org/2017/10/31/21496/
vl https://www.kff.org/medicaid/state-indicator/distribution-of-medicaid-enrollees-by-enrollment-group/?dataView=1&currentTimeframe=0&selectedRows=%7B%22states%22:%7B%22north-carolina%22:%7B%7D%7D%7D&sortModel=%7B%22colId%22:%22Location%22,%22sort%22:%22asc%22%7D
x http://www.modernhealthcare.com/article/20180501/NEWS/180509987